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

2022 ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Jinbing *(Chairman)*
Mr. Leung Chi Kwong, Joe (appointed on 18 June 2021)
Mr. Ma Chao (resigned on 29 November 2021)
Mr. Qiu Peiyuan (resigned on 28 February 2022)

Independent Non-Executive Directors

Mr. Tam Ping Kuen, Daniel
Ms. Chen Weijie (appointed on 18 June 2021)
Mr. Zhao Hangen (appointed on 28 February 2022)
Dr. Li Yifei (resigned on 28 February 2022)
Mr. Yan Haiting (resigned on 18 June 2021)

AUDIT COMMITTEE

Mr. Tam Ping Kuen, Daniel *(Chairman)*
Ms. Chen Weijie (appointed on 18 June 2021)
Mr. Zhao Hangen (appointed on 28 February 2022)
Dr. Li Yifei (resigned on 28 February 2022)

REMUNERATION COMMITTEE

Mr. Tam Ping Kuen, Daniel *(Chairman)*
Ms. Chen Weijie (appointed on 18 June 2021)
Mr. Zhao Hangen (appointed on 28 February 2022)
Dr. Li Yifei (resigned on 28 February 2022)

NOMINATION COMMITTEE

Mr. Zhang Jinbing *(Chairman)*
Mr. Tam Ping Kuen, Daniel
Mr. Zhao Hangen (appointed on 28 February 2022)
Dr. Li Yifei (resigned on 28 February 2022)

RISK MANAGEMENT COMMITTEE

Mr. Zhang Jinbing *(Chairman)*
Mr. Tam Ping Kuen, Daniel
Ms. Chen Weijie (appointed on 18 June 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

ZHONGHUI ANDA CPA Limited
23/F, Tower 2, Enterprise Square Five,
38 Wang Chiu Road,
Kowloon Bay, Kowloon,
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) 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 2022 (the "**Year**").

BUSINESS REVIEW

During the Year, the Company had disposed its under-performing subsidiaries, which were engaging in new energy vehicles, logistics and financing leasing businesses, provision of remittance and foreign currency exchange services in the United Kingdom and real estate development in Grenada. The Group continued the business of provision of concrete placing and other ancillary services in Hong Kong ("**Concrete Placing Business**") and provision of loan finance business in Hong Kong ("**Loan Finance Business**").

In the Year, the revenue of the Group increased by HK$276.9 million from approximately HK$67.3 million for the year ended 31 March 2021 (the "**Previous Year**") to HK$344.2 million for the Year. The overall gross profit increased by HK$63.8 million from gross loss of HK$18.2 million for the Previous Year to gross profit of HK$45.6 million for the Year. The increase in revenue was mainly due to increase in revenue from the Concrete Placing Business and the Loan Finance Business for the Year, while increase in gross profit margin was mainly due to a more efficient streamlined mode in operating the Concrete Placing Business, in a way of adopting a more asset-light strategy, by adjusting manpower and leasing of machineries according to the progress of the construction projects, as cost-saving measures.

The Group recorded the loss attributable to the owners of the Company of HK$158.3 million for the Year, representing an increase of approximately HK$22.2 million as compared with the loss attributable to the owners of the Company of HK$136.1 million for the Previous Year. The net loss for the Year was mainly due to increase in impairment losses under expected credit loss model of the Group for the Year and the absence of gain on disposal of subsidiaries and recovery of loan interest in arrears under the court order in the Previous Year.

PROSPECT

With the global vaccination programme against COVID-19 being implemented, it is believed that the economic environment in Hong Kong and the PRC, as well as around the world, will gradually return to normal. The Group looks forward to commencing more concrete placing and other ancillary projects in Hong Kong, which will help the Group to maintain a stable revenue stream in coming year. Facing the ever-changing world, the Group will keep abreast of the times and proactively embraced development hotpots.

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.

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all Shareholders, customers, 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.

On behalf of the Board

Zhang Jinbing
Chairman
Hong Kong, 30 June 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2022 (the "**Year**"), 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**") and (ii) provision of loan finance business in Hong Kong.

During the Year, the Company had disposed its under-performing subsidiaries, which were engaging in new energy vehicles, logistics and financing leasing businesses, provision of remittance and foreign currency exchange services in the United Kingdom and real estate development in Grenada. The Group continued to operate the Concrete Placing Business under a more efficient streamlined mode of operation to manage the profit margin, in a way of adopting a more asset-light strategy, by means of adjusting manpower and leasing of machineries according to the progress of the construction projects, to cater for the Concrete Placing Business of the Group.

During the Year, Chong Kin Construction Engineering Limited, an indirect wholly-owned subsidiary of the Company engaging in Concrete Placing Business, has been awarded 18 construction projects (which include 8 projects in the public sector), with total contract sum of approximately HK$806.5 million, of which 15 projects have been commenced the construction work and generated revenue during the Year. After the end of the Year and up to the date of this report, the Group has been further awarded 2 construction projects with aggregate contract sum of approximately HK$132 million, and it is expected that those projects will start generating revenue for the Group in next financial year.

As at the date of this report, the Group had also submitted tenders for 10 construction projects. The Group has been also in active discussion with various main contractors with a view to obtain 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.

To broaden the income source of the Group, China Golden Holdings Limited, a direct wholly-owned subsidiary of the Company holding money lending licence in Hong Kong, had been engaging in loan finance business in Hong Kong ("**Loan Finance Business**") during the Year and contributed revenue of approximately HK$13.4 million to the Group. 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 market of money lending business by licensed money lenders in Hong Kong is keen and competitive. In order to optimise the funding use in business but also to ensure the compliance of the related laws and regulations, the operation team has established a credit policy and loan approval process to minimise the credit risk.

FINANCIAL REVIEW

Revenue

For the Year, the Group recorded revenue from continuing operations of approximately HK$344.2 million, compared to that of approximately HK$67.3 million (restated) for the year ended 31 March 2021 (the "**Previous Year**"), representing a significant increase of 411.4%. The significant increase in revenue was mainly due to (i) increase in revenue from Concrete Placing Business in Hong Kong and (ii) increase in revenue from Loan Finance Business for the Year.

The revenue from the Concrete Placing Business was approximately HK$330.7 million for the Year, compared to that of approximately HK$62.2 million for the Previous Year, representing an increase of 431.7%. The increase in revenue was due to the increase in project amount and the number of projects on hand.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

The overall gross profit from continuing operations of the Group for the Year was approximately HK$45.6 million compared to that of approximately gross loss of HK$18.2 million (restated) for the Previous Year.

The gross profit margin for the Year was approximately 13.3% as compared to negative gross profit margin of 27.1% for the Previous Year.

Other Income

Other income mainly comprises recovery of loan interest in arrears, government grants, insurance claim and gain on disposal of financial assets at fair value through profit or loss. During the Year, other income amounted to approximately HK$0.1 million as compared to approximately HK$71.2 million (restated) for the Previous Year. The decrease in other income was mainly attributable to decrease in recovery of loan interest in arrears under the court orders, government grants, insurance claims and gain on disposal of financial assets at fair value through profit or loss.

Administrative and Other Operating Expenses

The administrative and other operating expenses of the Group for the Year decreased by 21.8% to approximately HK$28.3 million as compared to that of approximately HK$36.2 million (restated) for the Previous Year. The administrative and other operating expenses comprised mainly employees related costs, including the salaries of directors and staffs, retirement scheme contributions and employment related expenditure, depreciation of property, plant and equipment and right of use assets, and office expenses.

Impairment Losses of Financial Assets

The impairment losses of financial assets are approximately HK$35.4 million (Previous Year: Nil (restated)) for the Year. The impairment loss on financial assets was mainly attributable from other receivable from profit guarantee arrangement, loan and interest receivables and trade and other receivables, a credit rating analysis of the underlying debtors and borrowers was adopted by reviewing the historical default rates, past-due status and ageing information of the grouped debtors and borrowers and the forward-looking information of the Group’s receivables at the end of the Year.

Finance Costs

Finance costs of the Group for the Year decreased by 92.3% to approximately HK$0.4 million as compared to that of approximately HK$5.2 million (restated) for the Previous Year. The finance costs mainly comprised of interest on lease liabilities and interest on a loan from the former substantial shareholder. The decrease was mainly attributable to decrease in interest on a loan from the former substantial shareholder. Besides, loan from the former substantial shareholder has been fully repaid in the Previous Year.

Income Tax Expense

Income tax expense primarily consists of current income tax and deferred income tax from Hong Kong subsidiaries.

Income tax expense of the Group for the Year amounting to approximately HK$4.4 million as compared to approximately HK$1.9 million (restated) for the Previous Year.

Loss for the Year from Continuing Operations

The Group's loss for the Year from continuing operations was approximately HK$22.7 million as compared with to the profit from continuing operations for the Previous Year of approximately HK$90.7 million (restated). The decrease was mainly attributable from (1) the absence of gain on disposal of subsidiaries, recovery of loan interest in arrears under the court orders and gain on derecognition of contingent consideration receivable recorded in the Previous Year, in aggregate of approximately HK$124.5 million, (2) increase in impairment losses under expected credit loss expenses of approximately HK$35.4 million and (3) net off of increase in revenue and gross profit as discussed above during the Year.

Final Dividend

The board of directors ("**Board**") does not recommend the payment of a final dividend for the Year (Previous Year: Nil).

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 31 March 2022, the Group had cash and bank balances amounted to approximately HK$200.4 million (2021: HK$147.5 million).

As at 31 March 2022, the Group had loan and interest receivables amounting to approximately HK$162.9 million (2021: HK$120.0 million).

The Group had no borrowings as at 31 March 2022 (2021: HK$0.07 million).

As at 31 March 2022, the share capital and equity attributable to the owners of the Company amounted to approximately HK$11.0 million and HK$583.3 million respectively (2021: HK$10.9 million and HK$801.4 million respectively).

On 9 June 2021 and 17 June 2021, the Company allotted and issued shares 6,902,000 and 1,000,000 new ordinary shares of HK$0.01 each respectively under subscription agreement dated on 26 April 2021. Save as disclosed, the Company had no changes in capital structure during the Year.

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.

Working Capital

As at 31 March 2022, the Group had current assets of approximately HK$693.6 million (2021: HK$598.0 million) and current liabilities of approximately HK$116.0 million (2021: HK$56.1 million). The current ratio, being the proportion of total current assets against current liabilities, was 6.0 (2021: 10.7). The Board considers that the present working capital level is conservatively sufficient to meet the upcoming operating needs.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2022 was 1.4% (2021: 1.1%).

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.

COMMITMENTS

The Group did not have significant capital commitments as at 31 March 2022 (2021: Nil).

FOREIGN EXCHANGE RISK

The functional currency of the Company and the presentation currency of the consolidated financial statements of the Company are in Hong Kong Dollars. The income and expenses, assets and liabilities of the Company and its subsidiaries which denominated in currencies other than the functional currency are converted into HK$ for financial reporting purpose. Fluctuations in exchange rates may have an impact on the Group's financial position and results. The Group monitors the exposure to fluctuations in exchange rates and takes appropriate measures to mitigate and manage the risk on a timely and effective manner. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its statement of financial position exposure to fluctuations in exchange rates as at 31 March 2022.

LEGAL PROCEEDINGS

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 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.

Save as disclosed above, the Group had no significant legal proceedings during the Year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2022, the Group had 293 employees (2021: 75) situated mainly in Hong Kong. The related staff costs (including directors' emoluments and discontinued operations) for the Year amounted to approximately HK$161.5 million (Previous Year: approximately HK$88.7 million).

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.

UPDATE ON THE LISTING STATUS

Trading in the shares (the "**Shares**") of the Company on The Stock Exchange of Hong Kong Limited ("**The Stock Exchange**") has been suspended since 13 May 2022.

On 4 June 2021, the Company received a letter from The Stock Exchange in relation to its decision (the "**Decision**") on Rule 14.06B of the Rules Governing the Listing of Securities on The Stock Exchange (the "**Listing Rules**") Listing Rules, under which The Stock Exchange considered that the Company's principal business had been changed to the provision of logistics related services including new energy vehicle sales and leasing, road freight transportation and the provision of finance leasing services of its new energy vehicles (the "**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 "**Disposal**"), and all of which took place within 27 months. Further, the NEV and Logistics and Finance Leasing Business did not meet the new listing requirements under Rule 8.05 of the Listing Rules. The Stock Exchange considered 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 Chapter 8 of 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 (collectively, the "**Previous Acquisitions**") and the related acquisition of a total of 1,847 new energy vehicles in December 2018 should be treated as if they were one transaction and constitute a reverse takeover under Rule 14.06 of the Listing Rules. The Company had sought a review of the Decision from the Listing Committee.

On 3 September 2021, the Company received the decision (the "**Listing Committee's Decision**") of the Listing Committee upholding the Decision and that the Listing Committee arrived at the decision that the Disposal and the Previous Acquisitions should be treated as if they were one transaction and constituted a reverse takeover under Rule 14.06B of the Listing Rules. The Company had sought a review of the Listing Committee's Decision from the Listing Review Committee.

On 1 December 2021, the Company received a letter from the Listing Review Committee setting out its decision that the Listing Review Committee decided that the Company's situation was materially different from its position at the time of the Listing Committee's Decision and that it would be appropriate to first have a considered decision of the Listing Committee in respect of the changed circumstances, before the Listing Review Committee makes any conclusive and binding decision on its review. The Listing Review Committee therefore exercised its discretion to remit the matter back to the Listing Committee for a rehearing (the "**Rehearing**") on an expedited basis.

On 14 February 2022, the Company received the decision of the Listing Committee (the "**LC Rehearing Decision**") upholding the Decision and that the Listing Committee arrived at the decision that the Disposal and the Previous Acquisitions of the NEV and Logistics and Finance Leasing Business should be treated as if they were one transaction and constituted a reverse takeover under Rule 14.06B of the Listing Rules. The Company had sought a review of the LC Rehearing Decision from the Listing Review Committee.

On 12 May 2022, the Company received a letter that the Listing Review Committee decided to uphold the LC Rehearing Decision and to suspend trading in the Shares under Rule 6.01(4) of the Listing Rules (the "**LRC Decision**"). The Company had sought leave from the Court of First Instance of the High Court of Hong Kong (the "**High Court**") for a judicial review (the "**Application**") of the LRC Decision.

On 16 May 2022, the High Court dismissed the Application by the Company.

On 2 June 2022, the Company received a letter from The Stock Exchange, setting out the guidance for the resumption of trading in the shares of the Company (the "**Resumption Guidance**") as follows:

(i) to comply with the requirements under Rule 14.54 of the Listing Rules; and

(ii) to announce all material information for the Company's shareholders and investors to appraise the Company's position.

MANAGEMENT DISCUSSION AND ANALYSIS

At the direction of The Stock Exchange, trading in the Shares has been suspended with effect from 9:00 a.m. on 13 May 2022. For details, please refer to the announcements of the Company dated 7 June 2021, 5 September 2021, 2 December 2021, 14 February 2022, 13 May 2022, 17 May 2022 and 2 June 2022.

MATERIAL ACQUISITION AND DISPOSALS

On 22 October 2021, the Company entered into a share purchase agreement with an independent third party ("**Purchaser**") under which the Group agreed to sell and the Purchaser agreed to purchase the interests in the entire interest in Stand East Investment Limited (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**") and the amount due from Stand East Group to the Company and amounts due from the Hua Yao Group to China Golden Holdings Limited, a directly wholly-owned subsidiary of the Company at a consideration of HK$180,000,000 (the "**NEV Disposal**"). On 4 November 2021, the NEV Disposal was completed. Disposal Group is engaging in NEV and Logistics and Finance Leasing Business, upon completion of NEV Disposal, the Group cased to engage in NEV and Logistics and Finance Leasing Business.

SIGNIFICANT INVESTMENTS

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

CONTINGENT LIABILITIES

Save as stated in the section headed "Legal Proceedings", the Group had no material contingent liabilities as at 31 March 2022 (2021: Nil).

PURCHASE, SALE AND 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.

EVENTS AFTER THE REPORTING PERIOD

There are no other events after the year ended 31 March 2022.

USE OF NET PROCEEDS FROM THE SUBSCRIPTION OF NEW SHARES

Reference is 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.

Reference is also 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 31 March 2022, 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.

As disclosed in the announcement of the Company dated 17 December 2021, following the termination of the sale and purchase agreement dated 26 November 2021 for the acquisition of a land parcel in Grenada (the "**Termination**"), the overall plan about the intended use of proceeds from Subscription I and Subscription II has been updated on 17 December 2021 ("**Updated UOP Plan**"). The total net proceeds applied by the Group during the period from the respective completion dates up to 31 March 2022 are as follows:

	Originally planned use of proceeds	**Actual use of proceeds before the Update UOP Plan**	**Refund from Termination**	**Updated UOP Plan**	**Actual use of proceed after the Updated UOP Plan**	**Unused amount**	**Expected timeline for utilising the remaining net proceeds**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	*(Note)*
Subscription I							
Land project in Grenada	227,000	(182,830)	156,000	(200,170)	–	–	
Concrete Placing Business	–	–	–	120,000	–	120,000	End of year 2023
Loan Finance Business	–	–	–	60,000	–	60,000	End of year 2022
General working capital	25,220	(25,220)	–	20,170	–	20,170	End of year 2022
Sub-total	252,220	(208,050)	156,000	–	–	200,170	
Subscription II							
Potential investment and future opportunities	41,249	–	–	(41,249)	–	–	
Concrete Business	–	–	–	41,249	(27,766)	13,483	End of year 2023
General working capital	4,583	(4,583)	–	–	–	–	
Sub-total	45,832	(4,583)	–	–	(27,766)	13,483	
Total	298,052	(212,633)	156,000	–	(27,766)	213,653	

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 at the short-term deposits with licensed banks in order to generate higher returns.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Director

Mr. Zhang Jinbing (張金兵先生) ("Mr. Zhang"), aged 50, 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. Leung Chi Kwong, Joe (梁志光先生) ("Mr. Leung"), aged 61, 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 58, 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 was an independent non-executive director of Apollo FMG for the period from May 2006 to March 2022. a company listed on the Stock Exchange (stock code : 0860)

Ms. Chen Weijie (陳維洁女士) ("Ms. Chen"), aged 41, 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 and as an Executive Director of Finet Group Limited, a company listed on the Stock Exchange (stock code: 8317) since 4 October 2021.

* *For identification purpose only*

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhao Hangen (趙漢根先生) ("Mr. Zhao"), aged 55, is appointed as an independent non-executive Director, member of audit committee, remuneration committee and risk management committee of the Company on 28 February 2022. Mr. Zhao obtained his bachelor's degree in law majoring in economic law from the Renmin University of China Law School in July 1989. In January 2005, Mr. Zhao obtained his master's degree in law majoring in economic law from Renmin University of China Law School. Mr. Zhao has substantial professional legal experience. He is proficient in civil law theory and jurisprudence, contract, corporate, finance, construction, real estate, investment, competition, intellectual property, international arbitration, labour law litigation and non-litigation matters. Mr. Zhao was a legal director at Nanyue Law Office of Guangdong and Guangdong Bowen Law Office, and management committee member of Guangdong Fazhishengbang Law Office. Mr. Zhao is currently a deputy director and senior partner at Kings Law Firm in Guangdong, an arbitrator at China International Economic and Trade Arbitration Commission, Arbitration Centre Across the Straits, China Guangzhou Arbitration Commission, Foshan Arbitration Commission and Shantou Arbitration Commission. He has been appointed as a Legal Arbitration Committee Officer of Guangdong Lawyers Association in May 2022.

Mr. Zhao served as an independent non-executive director of State Energy Group International Assets Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited (stock code: 918) for the period from October 2018 to December 2021.

SENIOR MANAGEMENT

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 REPORT

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 ended 31 March 2022 (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 organised 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. Leung Chi Kwong, Joe (appointed on 18 June 2021)	✓	✓
Independent non-executive Directors		
Mr. Tam Ping Kuen, Daniel	✓	✓
Ms. Chen Weijie (appointed on 18 June 2021)	✓	✓
Mr. Zhao Hangen (appointed on 28 February 2022)	✓	✓

CORPORATE GOVERNANCE REPORT

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 5 members, consisting of 2 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 12 to 13 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. The implementation and effectiveness of the policy on board diversity is reviewed annually by the Board. 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.

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 13 Board meetings and 1 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	12/13
Mr. Leung Chi Kwong, Joe (appointed on 18 June 2021)	–	7/13
Mr. Ma Chao *(Co-Chairman & Chief Executive Officer)* (resigned on 29 November 2021)	1/1	7/13
Mr. Qiu Peiyuan (resigned on 28 February 2022)	1/1	11/13
Independent non-executive Directors		
Mr. Tam Ping Kuen, Daniel	1/1	13/13
Ms. Chen Weijie (appointed on 18 June 2021)	1/1	9/13
Mr. Zhao Hangen (appointed on 28 February 2022)	–	1/13
Dr. Li Yifei (resigned on 28 February 2022)	1/1	11/13

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. Following the resignation of Mr. Ma as the chief executive officer (the "**CEO**") and co-Chairman of the Company on 29 November 2021, the office of the CEO has been vacated while the role of the chairman of the Company has been performing by Mr. Zhang. The Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post of the CEO as appropriate.

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. Leung Chi Kwong Joe (appointed on 18 June 2021), Mr. Zhao Hangen (appointed on 28 February 2022) and Ms. Chen Weijie (appointed on 18 June 2021) 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.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

As at the date of this report, the Audit Committee comprises three members, namely Mr. Tam Ping Kuen, Daniel (chairman), Ms. Chen Weijie (appointed on 18 June 2021) and Mr. Zhao Hangen (appointed on 28 February 2022), 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. Three 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)*	3/3
Ms. Chen Weijie (appointed on 18 June 2021)	2/3
Mr. Zhao Hangen (appointed on 28 February 2022)	1/3
Dr. Li Yifei (resigned on 28 February 2022)	2/3

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 Mr. Zhao Hangen (appointed on 28 February 2022). A majority of the members of the Nomination Committee namely Mr. Tam Ping Kuen Daniel and Mr. Zhao Hangen (appointed on 28 February 2022) are independent non-executive Directors. Mr. Zhang Jinbing, the chairman of the Nomination Committee is also the Chairman and executive Director of the Company. Further details on the terms of reference of the Nomination Committee are available on the website of the Company and the website of the Stock Exchange.

The principal responsibilities of the Nomination Committee include:

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

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

Nomination Committee	**Meeting attended/ Eligible to attend**
Mr. Zhang Jinbing *(Chairman)*	3/3
Mr. Tam Ping Kuen, Daniel	3/3
Mr. Zhao Hangen (appointed on 28 February 2022)	–
Dr. Li Yifei (resigned on 28 February 2022)	2/3

REMUNERATION COMMITTEE

As at the date of this report, the Remuneration Committee comprises three members, namely Mr. Tam Ping Kuen, Daniel (chairman), Ms. Chen Weijie (appointed on 18 June 2021) and Mr. Zhao Hangen (appointed on 28 February 2022), all being independent non-executive Directors. Further details on the terms of reference of the Remuneration Committee are available on the website of the Company and the website of the Stock Exchange.

The principal responsibilities of the Remuneration Committee include:

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

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

Remuneration Committee	**Meeting attended/ Eligible to attend**
Mr. Tam Ping Kuen, Daniel *(Chairman)*	3/3
Ms. Chen Weijie (appointed on 18 June 2021)	2/3
Mr. Zhao Hangen (appointed on 28 February 2022)	–
Dr. Li Yifei (resigned on 28 February 2022)	2/3

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 (appointed on 18 June 2021) 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); and
- 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.

CORPORATE GOVERNANCE REPORT

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. ZHONGHUI ANDA 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 56 to 60 of this annual report.

The remuneration paid or payable to the external auditor of the Group, ZHONGHUI ANDA CPA Limited or their affiliated firms, in respect of audit services and non-audit services for the year ended 31 March 2022 is set out below:

Services rendered	**Fees paid/ payable** HK'000
Audit services	1,770
Non-audit services	110
	1,880

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, realised or unrealised, 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 authorised 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 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 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 evaluating 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 mitigated and controlled in line with the Group's risk appetite.

The Group does not have an internal audit department, an annual review was conducted to determine whether there is a need for an internal audit department that consists of full-trade recourses. 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 their effectiveness. The Group engaged an external consultant, CityLinkers Corporate Advisory Services Limited, to perform annual review on risk management and assess the internal control systems, and to make recommendations on improving and strengthening the risk management and internal control systems. No significant area of concerns that may affect the financial, operational, compliance, control and risk management of the Group has been identified by the external consultant. The Board considered the Group's internal control systems 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 Board had reviewed the implementation and effectiveness of the shareholders' communication policy during the Year. Given the various means to enhance communication between the Company and its shareholders, the Company considered that such policy was effective.

The forthcoming AGM of the Company will be held on Friday, 26 August 2022. 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 days before the date of 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 (on or before 14 August 2022)
17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong (from 15 August 2022 onwards)
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

SCOPE AND REPORTING PERIOD

This is the fifth Environmental, Social and Governance ("**ESG**") report (the "**Report**") by the Group, highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 to the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited. In addition to inclusion in the Annual Report of Chong Kin Group Holdings Limited (the "**Company**") together with its subsidiaries (the "**Group**"), the Report is also accessible in electronic version from the website of the Group (https://www.chongkin.com.hk).

This ESG report covers the Group's overall environmental and social performances of the two principal activities ("**key operations**") of the Group from 1 April 2021 to 31 March 2022 ("**Reporting Period**"), unless otherwise stated. The two business operations are 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, in Hong Kong ("**Concrete Placing Business**"); and

ii. provision of loan finance business in Hong Kong.

The provision of new energy vehicle and logistics and finance leasing services in Mainland China, provision of cross-border payment and money exchange services in the United Kingdom, and real estate development in Grenada have been discontinued during the Reporting Period. As such, disclosure of these business activities is excluded from the Report.

The Group has continued its Concrete Placing Business through its newly established indirect wholly-owned subsidiary since June 2021.

The abovesaid operations contributed to the Group's major ESG concerns during the Reporting Period, thus are included in the reporting scope. Other operations that have no significant environmental and social impacts generated are excluded from the reporting scope.

REPORTING PRINCIPLES

The Report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" set out in Appendix 27 to the Listing Rules of the Stock Exchange (the "**Guide**"). The contents covered herein are in compliance with the mandatory disclosure requirement and the provision of "Comply or Explain" as well as four reporting principles of materiality, quantitativeness, balance and consistency required in the Guide.

Materiality – Materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement of which are presented in the section "Stakeholder Engagement and Materiality" in the Report.

Quantitativeness – Key performance indicators ("**KPIs**") have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

Balance – The Report presents the Group's performance during the Reporting Period in an impartial manner, avoiding choices, omissions or presentation formats that may unduly influence readers' decisions or judgements.

Consistency – Consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD STATEMENT

The Board has overall responsibility for the Group's ESG strategy and reporting. The Board is responsible for evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Our management are delegated the responsibility of coordinating the implementation of the Group's environment, employment and service quality assurance policies.

The Group will continue to focus on concrete placing business in Hong Kong. The Group believes that there will be many opportunities for construction industry in Hong Kong over the next 10 years, as expected the government will carry out many large-scale construction projects, such as Three-runway System at Hong Kong International Airport, Kai Tak development plan and the Northwest Metropolis projects, etc. in upcoming few years.

The Group aims to maximise its market share in concrete placing business in Hong Kong.

SUSTAINABILITY GOVERNANCE

The sustainability plan of the Group is developed based on results of ESG Reports and regular reports from senior management, which is reviewed on an annual basis and adjusted as needed to align with the long-term business strategy of the Group.

The Board has also set up the Risk Management Committee to promote the management of ESG issues within the Group's operations. The principal responsibilities of the Risk Management Committee include developing the Group's ESG risk management strategies, as well as reviewing ESG policies and guidelines. Whenever ESG issues have been identified, the Risk Management Committee shall report directly to the Board, whereupon they shall make recommendations to the Board and advise on risk mitigating actions as appropriate.

THE GROUP'S SUSTAINABILITY MISSION AND VISION

The Group is aware that climate change directly affects living standards and hinders social development around the globe. It also understands that the whole society has high expectation on public companies' sustainability performance. Therefore, it is committed to developing the business with minimum adverse impact on the environment, taking social and environmental impacts as central issues to address, and creating shared sustainable values with its stakeholders and community. It believes that upholding a high standard of such aspects can contribute to building a sustainable future.

Thus, sustainability will be given more consideration and responsible business practices will be carried out when the Group makes investment decisions in the future. This way, the Group will not be compromising development opportunities while still showing concern to sustainability. The Group endeavours to work together with all stakeholders to strive for a continual and sustained improvement in the long run.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

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 recognise 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
Shareholder	• 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 • Renumeration and benefits • Occupational health and safety • Corporate support
Community	• Email and phone call • Community activities • Sponsorship and donation	• Participation in local community • Support for community welfare and investment

The Group values input and feedback of its stakeholders as they have substantial contribution to the Group's business. Internal and external stakeholders have been involved in regular engagement activities to share views regarding the Group's operations and performances. The Group has specifically engaged the members of the Board of Directors, senior management, frontline staff, suppliers, and third-party professionals to gain further insights on ESG material aspects and challenges during the Reporting Period. Based on the feedback collected from different groups of stakeholders, a materiality matrix was developed.

Materiality of Different Topics from Stakeholder Engagement

A. Environmental		**C. Operational**	
Energy	A1	Supply Chain Management	C1
Water	A2	Intellectual Property Rights	C2
Air Emission	A3	Data Protection	C3
Waste and Effluent	A4	Customer Service	C4
Other Raw Materials Consumption	A5	Product/Service Quality	C5
Environmental Protection Policies	A6	Anti-corruption	C6
Climate Change	A7	Community Investment	C7

B. Employees		**D. Others**	
Employment	B1	Risk Management	D1
Health and Safety	B2	Protection of Clients' Rights	D2
Development and Training	B3	Prevention of Malpractice	D3
Labour Standards	B4		

According to the assessment, the top five material aspects identified for the Group's operations are:

1. Health and Safety
2. Employment
3. Product/Service Quality
4. Development and Training
5. Anti-corruption

Obtaining material topics via the above methods helps the Group address its key potential obstacles and be prepared for future challenges. Details on how such key issues are addressed will be discussed in the following sections.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. If there are any comments or suggestions, the Group can be contacted via email at info@chongkin.com.hk.

A. ENVIRONMENTAL

The Group did not note any cases of material non-compliance relating to air and greenhouse gas emissions, discharge into water and land, and the generation of hazardous and non-hazardous waste during the Reporting Period.

The Group aims to minimise the environmental impacts of its business operations. The Group strives to utilise raw materials and resources, particularly water and energy, more efficiently. The Group is also committed to improving its existing waste management system to further reduce waste generation and the burden on landfill. The Group will continue identifying areas to better manage and improve the overall control and monitoring measures for its operations.

A1. Emissions

A1.1 Air Emissions

Gaseous Fuel Consumption

The business operations of the Group did not combust gaseous fuels (e.g. towngas and liquefied petroleum gas) during the Reporting Period, hence no emission in relation to gaseous fuel consumption is presented in this report.

Vehicle Operation

The Group-owned fossil-fuelled vehicle (passenger car) was used for daily business operations during the Reporting Period, which contributed to the emission of nitrogen oxides ("**NO_x**"), sulphur oxides ("**SO_x**") and respiratory suspended particles ("**RSP**").

Mobile source	**Air emissions (non-GHG) from vehicle operations**		
	NO_x (kg)	RSP (kg)	SO_x (kg)
Petrol and diesel	1.24	0.09	0.02

Note: Emission factors for calculations on environmental parameters throughout this report were disclosed pursuant to Appendix 27 of the Main Board Listing Rules and documentation referred thereto, unless stated otherwise.

The intensity of air emissions by the Group was 3.24 g of NO_x, 0.24 g of RSP, and 0.06 g of SO_x per m^2 of total floor area of the Group's business operations, or 4.22 g of NO_x, 0.31 g of RSP, and 0.08 g of SO_x per employee.

A1.2 Greenhouse Gas Emissions

Direct GHG emissions are generated from the combustion of fuel in mobile sources. Indirect GHG emissions were generated from the consumption of purchased electricity and landfilling of waste papers.

During the Reporting Period, the key operations of the Group contributed to a total of 24.93 tonnes of carbon dioxide equivalent (tCO_2e) of GHG, consisting of carbon dioxide, methane, and nitrous oxide. The emission intensity was 65.43 $kgCO_2e/m^2$ of total floor area, or 85.10 $kgCO_2e$/employee.

Scope and Operation of Emissions	**Emission Sources**	**GHG Emissions** (tCO_2e)	**% of Total Emission**
Scope 1 Direct Emission		**4.40**	**17.66%**
	Combustion of petrol in mobile sources	4.40	
Scope 2 Energy indirect emission		**13.86**	**55.59%**
	Purchased electricity	13.86	
Scope 3 Other indirect emission		**6.67**	**26.75%**
	Paper disposed at landfills	6.67	
Total		**24.93**	**100%**
Intensity:		**65.43 $kgCO_2e/m^2$ total area; 85.10 $kgCO_2e$/employee**	

Note: Emission factors were made reference to Appendix 27 to the Main Board Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

A1.3 Hazardous Waste

During the Reporting Period, daily business operations of the Group had generated a small amount of hazardous waste, such as printer toner cartridges, ink boxes, and batteries. These wastes are collected regularly by qualified collectors who will dispose them in an environmental-friendly process.

Since the amount of hazardous waste generated was insignificant, the Group had not kept records of the disposal of such items during the Reporting Period.

A1.4 Non-hazardous Waste

During the Reporting Period, the Group's operations generated approximately 600 kg of non-hazardous waste, which mainly included domestic waste such as food waste and packaging, newspaper, and office wastepaper. The intensity was 1.57 kg of non-hazardous waste per m^2 of total office area, or 2.05 kg per employee.

A1.5 Emissions Mitigation Measures and Targets

The Group's operations resulted in insignificant emissions. The main source of emission was electricity consumption and paper waste from daily office operations. Please refer to Section 2.3 for electricity-saving measures that shall mitigate emissions.

In addition, the Group's use of fossil-fuelled vehicles has also contributed to the Group's total emissions. To mitigate emissions from fossil fuel usage, the Group has plans to replace its passenger car with a full-electric vehicle.

In the Reporting Period, the Group has set annual targets for GHG emissions, and the Group aims to achieve a 5% reduction in overall emissions intensity in 10 years from 2022, or by 2032.

A1.6 Wastes Reduction Initiatives and Targets

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. The Group's waste management practice is compliant with laws and regulations relating to environmental protection in the region where it operates.

The Group has taken certain green office practices to encourage employees to share responsibilities in reducing waste generation. For instance, all employees are encouraged to reduce paper usage through duplex printing and reuse of single-sided printed paper, and widely apply digitalised 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. The Group maintains 100% recycling of used toner cartridges by collecting and returning all used cartridge to service providers, and minimises 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. The Group has also encouraged employees to participate in workshops on how to reduce kitchen and food waste.

With the above measures, the Group aims to achieve a 10% reduction in overall waste generation intensity in 10 years from 2022, or by 2032.

A2. Use of Resources

A2.1 Energy Consumption

A total of 35,561.20 kWh of energy was consumed by the Group for its operations during the Reporting Period. Electricity was the major source of energy for the Group, consuming 19,522.00 kWh for its offices' lighting, office equipment, and other miscellaneous items necessary for maintaining the offices' daily operations. The rest of the Group's energy source was petrol used for fuelling its passenger car. 1,655 litres of petrol were used, which is approximately equal to 16,039.20 kWh of energy.

The overall intensity was 51.23 kWh per m2 of total area, or 66.63 kWh per employee.

A2.2 Water Consumption

The Group had seen minimal water consumption during the Reporting Period. The water supply facilities are provided and managed by property managers on the Group's rented premises, and the usage have been included in the management fees. As such, water consumption data is not available for the Group's office operations in Hong Kong.

For concrete placing, water usage is accounted on the clients' side. As such, there is no water consumption attributable to the Group's concrete placing operations.

A2.3 Energy Use Efficiency Initiatives and Targets

To enhance the energy efficiency and in turn reduce its carbon footprints, the Group has initiated policies to raise the awareness of energy conservation and implemented several energy-saving measures throughout its daily operations, including:

- 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^{o}C;
- 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;
- Strictly monitoring resource usage in daily operations; and
- Replacing normal light bulbs with more energy-efficient light-emitting diode ("LED") lighting.

With the above measures, the Group aims to achieve a 5% reduction in overall energy use intensity in 10 years from 2022, or by 2032.

A2.4 Water Use Efficiency Initiatives and Targets

The Group abides by the rules and regulations in relation to water pollution control, and the Group has had no problem in sourcing water that is fit for purpose. While the Group has not set any targets for water consumption reduction due to its minimal impacts, the Group nonetheless promotes reasonable water use initiatives and water saving measures among its employees.

With respect to water consumption, the Group promotes water conservation and disseminates concepts in water conservation and responsibility in contributing water usage reduction to its employees. 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.

A2.5 Packaging Materials

Given the business nature of the Group, business operations during the Reporting Period did not involve any regular use of packaging materials.

A3. The Environment and Natural Resources

A3.1 Significant Impacts of Activities on the Environment

The Group is committed to conducting its business responsibly, ensuring that its business does not contribute to significant adverse impact on the environment and society while bringing sustainable growth and profit.

While the Group's business has no direct or significant impact on the environment and natural resources, the Group is committed to reducing its consumption of resources and minimising its use of business travel.

A4. Climate Change

A4.1 Significant Climate-related Issues

Climate change poses a huge threat to all businesses, and that of the Group's is not an exception. 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 business operations, the Group recognises that extreme weather events arising from climate change may negatively impact daily operations and has accordingly prepared contingency plans for these situations. The Group 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.

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 The Group has strictly followed all environmental-related rules and guidance from local and national authorities. However, the Group has yet to identify any opportunities which may arise from climate change.

B. SOCIAL

1. Employment and Labour Practices

The Group is dedicated to ensuring fairness and equity and promoting workplace health and well-being in its operations. The Group provides diverse educational opportunities for employees' growth and development, and frequently listens to their concerns and expectations.

B1. Employment

The Group strictly complies with relevant laws and regulations concerning employment and labour practices, including but not limited to:

- Employment Ordinance (Cap. 57)
- Inland Revenue Ordinance (Cap. 112)
- Employees' Compensation Ordinance (Cap. 282)
- Sex Discrimination Ordinance (Cap. 480)
- Mandatory Provident Fund Schemes Ordinance (Cap. 485)
- Personal Data (Privacy) Ordinance (Cap. 486)
- Disability Discrimination Ordinance (Cap. 487)
- Family Status Discrimination Ordinance (Cap. 527)
- Race Discrimination Ordinance (Cap. 602)
- Minimum Wage Ordinance (Cap. 608)

Employment is one of the most material topics identified in the stakeholder engagement process. The Group also recognises that its employees is the core to its operations, therefore, it holds employees' interests highly. Group policies are in place to ensure that employees' interests are safeguarded and respected.

B1.1 Employee Benefits and Welfare

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.

There were no major changes in policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity and anti-discrimination during the Reporting Period. During the Reporting Period, the Group did not note any cases of material non-compliance with laws and regulations in relation to employment.

B1.2 Recruitment, Promotion and Dismissal

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

The Group encourages differences and individuality in its employees, in the hopes that employees could bring new ideas, dynamics and challenges to its business operations. In the recruitment process, the Group discourages all forms of discrimination regarding gender, age, family status, sexual orientation, disability, race and religion. The Group would like to maintain a family-friendly working environment in respecting their roles and responsibilities to their own family. Different job candidates are treated fairly and equally, while the Group also encourages the hiring of talented people with physical and mental disabilities, appreciating equal opportunity in employment. By bringing in new talents and provide training to employees to develop their long-term rewarding career with the Group, the Group could ensure employees and its 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. For the termination of contracts, either party may terminate the contract with one month advancement in written notice or salary in lieu of notice.

There was no non-compliance with laws and regulations related to employee compensation and dismissal, recruitment and promotion, working hours, rest periods, and other benefits or welfare that have a significant impact on the Group during the Reporting Period.

B1.3 Equal Opportunity

The Group strives to provide equal and fair opportunities for employees in respect of recruitment, training and development, job advancement, compensation, and benefits. During the Reporting Period, the Group did not note any cases of employees discriminated against or deprived of any opportunities based on gender, ethnic background, religion, colour, age, marital status, family status, retirement, disability, pregnancy, or any other factors as prohibited by applicable laws.

B1.4 Employee Relations and Channels of Communication

The Group's employees are encouraged to use various communication channels for horizontal and vertical communication (such as email and suggestion box, employee meetings, annual performance reviews, etc.).

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. However, due to the ongoing COVID-19 pandemic, the Group did not hold any company events. The Group is committed to resuming regular activities to nourish a greater sense of belonging amongst employees once COVID-19 subsides.

B1.5 COVID-19 Arrangements

In view of the COVID-19 pandemic which was still ongoing during the Reporting Period, the Group has implemented special arrangements to alleviate concerns among its workforce. These include:

- No layoffs or dismissals; and
- No corporate downsizing or adjustment of wages.

B1.6 Total Workforce

The Group had a total of 293 employees in Hong Kong as of 31 March 2022. See below for the detail breakdown of the workforce.

Total Workforce as of 31 March 2022	Number of Employees	Employment Percentage
Employment Type		
Full Time	15	5.12%
Part Time	278	94.88%
Employee Category		
Senior Management	12	4.10%
Middle Management	41	13.99%
Frontline and Other Staff	240	81.91%
Age Group		
18–25	17	5.80%
26–35	73	24.91%
36–45	82	27.99%
46–55	71	24.23%
56 or above	50	17.06%
Gender		
Male	286	97.61%
Female	7	2.39%
Geographical Region		
Hong Kong	293	100.00%

B1.7 Turnover Rate

A total of 3 employees left the Group during the Reporting Period, which gave a turnover rate of 1.02%. Since the nature of construction work requires significant numbers of short-term workers, turnover of part-time employees who work at the construction site of the Group have not been taken into account. The Group regularly reviews salary remuneration and benefits to retain talents and stay attractive and competitive in the market. See below for the detail breakdown of turnover rate by employee group.

Turnover Rate as of 31 March 2022

Employment Type	
Full Time	20.00%
Part Time	N/A
Employee Category	
Senior Management	16.67%
Middle Management	2.44%
Frontline and Other Staff	0.00%
Age Group	
18–25	0.00%
26–35	1.37%
36–45	1.22%
46–55	1.41%
56 or above	0.00%
Gender	
Male	1.05%
Female	0.00%
Geographical Region	
Hong Kong	1.02%

B2. Health and Safety

Occupational health and safety are factors identified as the most material topic of the Group from stakeholder engagement. During the Reporting Period, the Group has complied with occupational health related laws and regulations to avoid any health risks from being imposed onto its employees, including but not limited to:

- Employees' Compensation Ordinance (Cap. 282)
- Occupational Safety and Health Ordinance (Cap. 509)

There were no major changes in management practice in relation to occupational health and safety during the Reporting Period.

B2.1 COVID-19 Measures

When COVID-19 first broke out, the Group was highly cautious of the most up-to-date situations as employees' health and safety is the Group's priority. The Group has taken lead in setting up preventive measures and arrangements for employees, some practices include:

- Providing free rapid-test kits to employees and conducting testing every 2 days;
- Requiring employees undergo a daily body temperature to ensure they are fit to work before starting their work shift and maintain good personal hygiene;
- Maintaining adequate epidemic prevention materials in our operations (e.g., surgical mask, disinfectant, alcohol and hand sanitiser etc.);
- Adopting work from home measures as appropriate; and
- Offering free COVID-19 testing at private clinics.

B2.2 Work Injuries and Work-related Fatalities

During the Reporting Period, 234 working days were lost due to self-reported work-related injury cases. No fatalities of the Group's employees have been recorded in the last three reporting years.

Occupational Health and Safety Data in 2021/22	
Work related fatality	0
Fatality rate[1]	0.00%
Work injury cases >3 days	3
Work injury cases ≤3 days	0
Lost days due to work injury	234

Occupational Health and Safety Data in 2020/21	
Work related fatality	0
Fatality rate[1]	0.00%

Occupational Health and Safety Data in 2019/20	
Work related fatality	0
Fatality rate[1]	0.00%

Note 1: Fatality rate is given by number of fatalities as a result of work-related injury divided by number of workers.

During the Reporting Period, the Company did not receive any complaints or lawsuits regarding violations of health and safety-related laws.

B3. Development and Training

To drive business success and growth, the Group offers development and training opportunities aiming to sustain its success in the long run. The Group listens and responds to its community, identifies the training needs of our employees, and revises 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. The Group expects to 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 employees' personal and professional capabilities, but also help the Group in meeting its business objectives.

Given that different positions require unique professional and technical needs, the Group provides orientation training and mentoring to every new joiner – introducing its 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, employees could also obtain appropriate professional qualifications, qualities and skillsets through these training opportunities.

For directors and senior management, the Group 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.

The Group encourages employee' affiliation with the community, both professional and the community at-large, as part of career development. This includes seeking out professional writing assignments, and speaking at professional or civic events. Employee should prepare materials and speeches that do not pertain directly to the Group's business on their personal time. Occasionally, with pre-approval, the Group will allow the use of office time and facilities for these outside activities.

During the Reporting Period, 287 employees, or 100.00% of all employees, received training as arranged by the Group, and the average training hours that each employee received (inclusive of those who did not receive training or have left the Group) was 3.23 hours. The percentage of trained employees and average training hours per gender and employee category during the Reporting Period are as follows:

	Percentage of Trained Employees	Average Training Hours
By Gender		
Female	100.00%	2.93 hours
Male	100.00%	3.23 hours
By Employee Category		
Senior Management	100.00%	3.25 hours
Middle Management	100.00%	4.50 hours
Frontline and Other Employees	100.00%	3.01 hours

Training topics covered hygiene, health and safety, environmental protection, professional and technical skills, customer satisfaction and quality service, and ISO 9001 and 18001 management systems.

B4. Labour Standards

The Group is aware that 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 its 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.

Pursuant to the Employment Ordinance, Chapter 57 of the Laws of Hong Kong, there was no child nor forced labour in the Group's operation during the Reporting Period.

2. Operating Practices

B5. Supply Chain Management

B5.1 Number of Suppliers

During the reporting period, the Group engaged 14 suppliers that were based in Hong Kong.

B5.2 Practices Relating to Engaging Suppliers

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.

B5.3 Practices Relating to Identifying Environmental and Social Risks along Supply Chain

With respect to businesses regarding loan finance services in Hong Kong, the Group has followed 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.

Through the above supply chain management system, the Group can minimise the potential environmental and social risks associated with its supply chain management.

B5.4 Practices Relating to Promoting Environmentally Conscious Supplier

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". Business partners of the Group are also encouraged to adopt the best environmental and social practices and to disseminate the pursuit of sustainability into the core business, through developing energy-saving and consumption-reducing policies.

B6. Product Responsibility

The Group is aware of its responsibilities associated with the products and services it provides. Various policies and guidelines have been formulated for assuring quality of its products and services. No non-compliance with laws and regulations regarding product and service-related health and safety, advertising, labelling and privacy matters that have a significant impact on the Group was noted in the reporting period. These laws including but not limited to:

- Personal Data (Privacy) Ordinance (Cap. 486)
- Office of the Privacy Commission for Personal Data, Hong Kong
- Trade Marks Ordinance (Cap. 559)
- Patents Ordinance (Cap. 514)
- Copyright Ordinance (Cap. 528)

In terms of the health and safety, advertising, labelling and privacy matters and remedies of the products and services provided, there was no material non-compliance with relevant laws and regulations that would have a significant impact on the Group during the Reporting Period. 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.

In addition, there had been no products sold or shipped subject to recalls for safety and health reasons during the Reporting Period.

B6.1 Complaint Handling

The Group values customers' feedback on its services as it drives the Group to explore new opportunities for continuous improvement on service efficiency and quality. Comments and suggestions from customers are welcome. 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 its customers.

For instance, to further understand the concerns and expectations of customers in its services, the Group consolidated and comprehensively analysed the customers' feedback and monitor the level of customer satisfaction. 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 complaints received against the Group's services due to health and safety issues during the Reporting Period.

B6.2 Intellectual Property Rights

The Group is committed to compliance with relevant laws and regulations in relation to intellectual property right ("IP rights") by valuing and protecting its intellectual properties through patent fees and periodic trademark renewals. In order to ensure that the customer's IP rights of products are properly protected during the outsourcing processes to suppliers, a confidentiality agreement regarding IP rights must be signed before engagement.

Internally, the Group enters standard employment contracts with its 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 the Group; and (ii) agree not to use or disclose the confidential information relating to the product designs without authorisation of the Group.

Any assets of the Group, including materials and information for official purposes, shall not be taken or copied for personal purposes without authorisation. Such violation is an offence under the laws of Hong Kong, offender will be subject to disciplinary action or prosecution. The Group does not allow any infringement of its assets and intellectual property rights, and will take appropriate disciplinary actions against offenders.

During the Reporting Period, the Group was not aware of any dispute or infringement by (i) the Group of any intellectual property rights owned by third parties; or (ii) any third parties of any intellectual property rights owned or being applied by the Group.

B6.3 Quality Assurance

For loan finance services 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.

During the Reporting Period, there were no material complaints made against the Group. The Group has complied with relevant laws and regulations in relation to product and service liabilities.

B6.4 Confidential Information, Data Protection, and Privacy

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 its 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. The Group requires its employees to comply with the regulations in relation to collecting, holding, processing, disclosure and use of personal data where it operates. Employees shall respect privacy and keep confidential the personal data obtained during the business process in accordance with the relevant confidential requirement as set out in internal policies to protect the privacy of customers.

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 are also prohibited 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.

B7. Anti-corruption

B7.1 Concluded Legal Cases Regarding Corrupt Practices

The Group complies with all applicable laws on prohibiting corruption and bribery in Hong Kong, which includes but not limited to the Prevention of Bribery Ordinance (Cap. 201).

During the Reporting Period, the Company did not have any lawsuits related to corruption, nor violated relevant laws and regulations that have a significant impact on the operations of the Company. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

B7.2 Preventive Measures

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.

As stipulated in the 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 its employees to declare any conflict of interest, to avoid any possible such conflict with sub-contractors or suppliers.

The Group has also formulated the Whistle-blowing Policy, which is applicable to all employees and all related third parties who have business relationships with the 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. The Group endeavours to handle the reports fairly and properly, to maintain positive corporate governance, emphasise accountability and enhance transparency, which enables its stakeholders to have continuous faith and trust in the Group.

B7.3 Anti-corruption Training

Anti-corruption training is provided to employees during induction training, and senior management and directors are encouraged to attend special anti-corruption courses organised by professional bodies such as the HKEX.

B8. Community Investment

The Group is committed to giving back to societies where it operates, by actively engaging the community and leveraging its resources through various channels, including partnership with local non-profit organizations, social support, community services and sponsorship programs.

During the Reporting Period, the Group has made a donation of HKD1.5 million to The Association of Chinese Culture of Hong Kong for the sponsorship of “Hundred Years of Hong Kong Patriotic Culture”.

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 its employees to be actively engaged in voluntary services and join hands together to disseminate the spirit of services in the community where we all depend on.

DIRECTORS' REPORT

The board of directors (the "**Board**") is pleased to present their annual report together with the audited consolidated financial statements of Chong Kin Group Holdings Limited (the "**Company**"), together with its subsidiaries (the "**Group**") for the year ended 31 March 2022 (the "**Year**").

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 23 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 11 of this annual report.

Environmental policies and performance

The Group recognises its responsibility to protect the environment from its business activities. The Group continually seeks to identify and manage environmental impacts attributable to our operational activities in order to minimise these impacts if possible.

The environmental policies and performance, compliance with relevant laws and regulations and relationships with employees are also discussed under section headed "Environmental, Social and Governance Report" on pages 28 to 47.

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.

Compliance with the relevant laws and regulations

During the year ended 31 March 2022 and up to the date of this report, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on our businesses and operations.

Key relationships with employees, customers and suppliers

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 March 2022, there was no material and significant dispute between the Group and its employees, customers and suppliers.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 61 to 62 of this annual report.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting of the Company to be scheduled for Friday, 26 August 2022 (the "**AGM**"), the Register of Members of the Company (the "**Register of Members**") will be closed from Tuesday, 23 August 2022 to Friday, 26 August 2022, both days inclusive, during which period no transfers of shares will be effected. In order to qualify for voting at the forthcoming AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (if the transfer will be lodged before 15 August 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (if the transfer will be lodged on or after 15 August 2022) for registration not later than 4:30 p.m. on Monday, 22 August 2022.

Remarks: The address of the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Investor Services Limited, will be changed to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from Wednesday, 15 August 2022.

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 11. Also, the financial risk management objectives and policies of the Group can be found in Note 5 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 17 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries during the year are set out in Note 23 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 65 of this annual report.

As at 31 March 2022, the Company has reserves amounted to approximately HK$563.08 million available for distribution (2021: approximately HK$762.80 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. Leung Chi Kwong, Joe (appointed on 18 June 2021)
Mr. Ma Chao *(Co-Chairman and Chief Executive Officer)* (resigned on 29 November 2021)
Mr. Qiu Peiyuan (resigned on 28 February 2022)

Independent Non-Executive Directors

Mr. Tam Ping Kuen Daniel
Ms. Chen Weijie (appointed on 18 June 2021)
Mr. Zhao Hangen (appointed on 28 February 2022)
Dr. Li Yifei (resigned on 28 February 2022)

DIRECTORS' REPORT

CHANGE IN INFORMATION OF DIRECTORS

Director's position held:

On 28 February 2022:

- Mr Qiu Peiyuan ceased to act as Executive Director of the Company.
- Mr. Zhao Hangen was appointed as the member of Audit Committee, Remuneration Committee and Risk Management of the Company.
- Dr. Li Yifei ceased to act as member of Audit committee, Remuneration committee and Nomination committee of the Company.

On 29 November 2021:

- Mr. Ma Chao ceased to act as co-Chairman of the Board and 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.

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

No contracts concerning the management and administration of the whole and any substantial part of the business of the Company were entered into or existed during the year.

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

As at 31 March 2022, 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 ("**Mr. Zhang**")	interests in controlled corporation *(Note 1)*	609,100,000	55.61%
	beneficial owner	24,500,000	2.24%
	Total:	633,600,000	57.85%
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**") (resigned on 28 February 2022)	interests in controlled corporation *(Note 3)*	38,300,000	3.50%
Dr. Li Yifei ("**Dr. Li**") (resigned on 28 February 2022)	interests in controlled corporation *(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 was the co-Chairman and Chief Executive Officer of the Company until he has resigned as a director of the Company on 29 November 2021.

3) The 38,300,000 Shares are held by Fortune Box International Limited which Mr. Qiu has control. Mr. Qiu was an executive Director of the Company until he has resigned as a director of the Company on 28 February 2022.

4) Dr. Li Yifei was an independent non-executive Director of the Company until he has resigned as a director of the Company on 28 February 2022.

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

As at 31 March 2022, 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%

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 2022 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

During the Year, 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 80% (2021: 47%) of the total sales for the Year and sales to the largest customer included therein amounted to 33% (2021: 17%).

During the Year, purchase from the Group's five largest suppliers accounted for 92% (2021: 54%) of the total purchase for the Year and purchase to the largest supplier included therein amounted to 62% (2021: 31%).

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 optimise 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.

DIRECTORS' REPORT

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

As at 31 March 2022, the Group has no bank borrowings, details are set out in Note 33 to the consolidated financial statements.

CHARITABLE DONATIONS

During the Year, the Group made charitable donations approximately HK$1,500,000 (2021: approximately HK$5,000).

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 11 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.

Details of the emoluments of the Directors and the five highest paid individuals of the Group during the Year are set out in Note 12 to the consolidated financial statements.

EMOLUMENT POLICY

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

AUDIT COMMITTEE

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

AUDITORS

KTC Partners CPA Limited ("**KTC**") was appointed as auditor of the Company on 2 May 2018. For details, please refer to the announcement of the Company dated 3 May 2018. KTC resigned as auditor of the Company on 18 March 2022. ZHONGHUI ANDA CPA Limited ("**ZHONGHUI**") was appointed as auditor of the Company to fill the vacancy following the resignation of KTC on 18 March 2022. For details, please refer to the announcements of the Company dated 18 March 2022 and 4 April 2022. Save as disclosed above, there was no change in auditor during the past three years.

The consolidated financial statements for the Year have been audited by ZHONGHUI who will retire at the conclusion of the 2022 annual general meeting and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the shareholders at the forthcoming annual general meeting to re-appoint ZHONGHUI as the independent auditor.

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 2022

INDEPENDENT AUDITORS' REPORT

中汇
ZHONGHUI

TO THE SHAREHOLDERS 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 61 to 139, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 2022, 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 (the "**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 Auditor's 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 judgment, 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.

(i) Revenue and profit recognition and contract balances

Refer to Notes 8 and 29 to the consolidated financial statements.

The Group's carrying value of the construction contract balances as well as the revenue and profit recognised are based on estimates of costs to complete. These estimates are significant to our audit because the contract assets and liabilities of approximately HK$55,715,000 and HK$16,747,000 respectively as at 31 March 2022 and the construction revenue of approximately HK$330,724,000 for the year then ended are material to the consolidated financial statements. In addition, the Group's estimates involve application of judgement and can be affected by a variety of uncertainties that depend on the outcome of future events resulting in revisions throughout the contract period.

Our audit procedures included, among others:

– Evaluating the Group's estimation process;

– Agreeing contract sums and budgeted costs to signed contracts and approved budgets;

– Challenging the reasonableness of key judgements and assumptions inherent in the approved budgets;

– Assessing the reliability of the approved budgets by comparing the actual outcome against estimates; and

– Checking arithmetical accuracy of the related calculations.

We consider that the Group's estimates of the construction contract balances as well as the revenue and profit recognised are supported by the available evidence.

KEY AUDIT MATTERS (CONTINUED)

(ii) Trade and other receivables and loan and interest receivables

Refer to Notes 28 and 27 to the consolidated financial statements.

The Group tested the amounts of trade and other receivables and loan and interest receivables for impairment. This impairment test is significant to our audit because the balances of trade and other receivables of approximately HK$269,978,000 and loan and interest receivables of approximately HK$162,906,000 as at 31 March 2022 are material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

– Assessing the Group's procedures on granting credit limits and credit periods to customers;

– Assessing the Group's relationship and transaction history with the customers and borrowers;

– Evaluating the Group's impairment assessment;

– Assessing ageing of the debts;

– Assessing creditworthiness of the customers;

– Checking subsequent settlements from the customers;

– Performing background search of the underlying borrowers;

– Assessing the fair value of the collaterals for the borrowings;

– Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements;

– Assessing the competence, independence and integrity of the external valuer engaged by client;

– Obtaining the external valuation reports and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;

– Checking key assumptions and input data in the valuation model to supporting evidence; and

– Checking arithmetical accuracy of the valuation model.

We consider that the Group's impairment test for trade and other receivables and loan and interest receivables are supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's 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 FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 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.

INDEPENDENT AUDITORS' REPORT

AUDITOR'S 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 auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

Wan Ho Yuen
Audit Engagement Director
Practising Certificate Number P04309

Hong Kong, 30 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	8	344,173	67,323
Cost of services		(298,556)	(85,541)
Gross profit/(loss)		45,617	(18,218)
Other income	9	78	71,187
Administrative and other operating expenses		(28,296)	(36,169)
Gain on derecognition of contingent consideration receivable		–	13,451
Gain on disposal of subsidiaries	39(a)	–	67,560
Impairment losses of financial assets	11	(35,358)	–
Finance costs	10	(366)	(5,207)
(LOSS)/PROFIT BEFORE TAXATION		(18,325)	92,604
Income tax expense	13	(4,384)	(1,885)
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		(22,709)	90,719
DISCONTINUED OPERATIONS			
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	15	(136,470)	(237,394)
LOSS FOR THE YEAR	11	(159,179)	(146,675)
Other comprehensive (expenses)/income for the year, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		256	31,438
Share of exchange translation difference of an associate		32	277
Exchange differences reclassified to profit or loss on disposal of subsidiaries		(15,192)	–
OTHER COMPREHENSIVE (EXPENSES)/INCOME FOR THE YEAR, NET OF TAX		(14,904)	31,715
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR		(174,083)	(114,960)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000 (Restated)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company			
(Loss)/profit from continuing operations		**(22,709)**	90,719
Loss from discontinued operations		**(135,574)**	(226,781)
Loss attributable to owners of the Company		**(158,283)**	(136,062)
Non-controlling interests			
Loss from continuing operations		**–**	–
Loss from discontinued operations		**(896)**	(10,613)
Loss attributable to owners of non-controlling interests		**(896)**	(10,613)
		(159,179)	(146,675)
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(173,486)**	(106,337)
Non-controlling interests		**(597)**	(8,623)
		(174,083)	(114,960)
		HK$' cents	HK$' cents
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*16*		
From continuing and discontinued operations			
– Basic and diluted		**(14.71)**	(13.44)
From continuing operations			
– Basic and diluted		**(2.11)**	8.96
From discontinued operations			
– Basic and diluted		**(12.60)**	(22.40)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*17*	**1,909**	19,685
Properties under development	*18*	**–**	183,020
Right-of-use assets	*19*	**7,697**	12,246
Goodwill	*20*	**–**	20,112
Finance lease receivables	*22*	**–**	29,935
Investment in an associate	*24*	**–**	11,628
		9,606	276,626
CURRENT ASSETS			
Inventories	*25*	**–**	28,219
Financial assets at fair value through profit or loss	*26*	**2,061**	3,166
Finance lease receivables	*22*	**–**	95,449
Loan and interest receivables	*27*	**162,906**	120,000
Trade and other receivables	*28*	**272,566**	76,146
Amount due from a non-controlling shareholder of a subsidiary	*32*	**–**	25,524
Other receivable from profit guarantee arrangement	*21*	**–**	101,973
Contract assets	*29*	**55,715**	–
Current income tax recoverable		**–**	2
Bank and cash balances	*30*	**200,372**	147,549
		693,620	598,028
CURRENT LIABILITIES			
Trade and other payables	*31*	**87,535**	45,881
Amount due to a director	*32*	**–**	1
Contract liabilities	*29*	**16,747**	–
Borrowings	*33*	**–**	66
Lease liabilities	*34*	**4,028**	6,261
Current income tax liabilities		**7,680**	3,862
		115,990	56,071
NET CURRENT ASSETS		**577,630**	541,957
TOTAL ASSETS LESS CURRENT LIABILITIES		**587,236**	818,583

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities	*34*	**3,934**	2,689
		3,934	2,689
NET ASSETS		**583,302**	815,894
CAPITAL AND RESERVES			
Share capital	*36*	**10,954**	10,875
Reserves	*37*	**572,348**	790,499
Equity attributable to owners of the Company		**583,302**	801,374
Non-controlling interests		**–**	14,520
TOTAL EQUITY		**583,302**	815,894

The consolidated financial statements on pages 61 to 139 were approved and authorised for issue by the board of directors on 30 June 2022 and are signed on its behalf by:

Zhang Jinbing	**Leung Chi Kwong, Joe**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Merger reserve HK$'000 *(Note 1)*	Other reserve HK$'000 *(Note 2)*	Accumulated losses HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 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 income/(expense) for the year	–	–	29,725	–	–	(136,062)	(106,337)	(8,623)	(114,960)
Issue of shares (Note 36)	1,097	251,272	–	–	–	–	252,369	–	252,369
Adjustment upon disposal of a subsidiary (Note 39(a))	–	–	–	(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
At 1 April 2021	10,875	1,103,569	15,187	–	(338)	(327,919)	801,374	14,520	815,894
Loss for the year	–	–	–	–	–	(158,283)	(158,283)	(896)	(159,179)
Other comprehensive (expense)/income for the year	–	–	(15,203)	–	–	–	(15,203)	299	(14,904)
Total comprehensive expense for the year	–	–	(15,203)	–	–	(158,283)	(173,486)	(597)	(174,083)
Issue of shares (Note 36)	79	45,753	–	–	–	–	45,832	–	45,832
Adjustment upon disposal of subsidiaries (Note 39(a))	–	–	–	–	338	–	338	(13,923)	(13,585)
Transfer from other receivable from profit guarantee arrangement	–	(90,756)	–	–	–	–	(90,756)	–	(90,756)
At 31 March 2022	10,954	1,058,566	(16)	–	–	(486,202)	583,302	–	583,302

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 ("**Hartman Education**"), and the amount of adjustment to non-controlling interests during the year ended 31 March 2021. During the year ended 31 March 2022, the Group disposed its entire interests in Hartman Education, as such the other reserve was derecognised upon the completion of the disposal.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax from continuing operations	(18,325)	92,604
Loss from discontinued operations	(136,470)	(240,184)
Adjustments for:		
Depreciation of property, plant and equipment	4,074	11,765
Depreciation of right-of-use assets	7,138	9,388
Interest income	(564)	(43,853)
Finance lease income	–	(2,420)
Finance costs	584	6,057
Loss/(gain) on disposal of property, plant and equipment	4	(405)
Impairment loss on properties under development	61,038	–
Impairment loss on trade receivables	–	6,340
Impairment loss on prepayments and other receivables	27,437	34,529
Impairment loss on finance lease receivables	–	52,773
Impairment loss on goodwill	–	119,459
Impairment loss on loan and interest receivables	739	–
Impairment loss on other receivable from profit guarantee arrangement	11,217	–
Written off of prepayment and other receivables	–	4,216
Loss/(gain) on disposal of subsidiaries	48,556	(67,560)
Loss on derecognition of leases	328	262
Share of result of an associate	86	220
Impairment loss on investment in an associate	–	1,131
Gain on disposal of financial assets at fair value through profit or loss	–	(12,522)
Fair value loss on financial assets at fair value through profit or loss, net	1,105	1,094
Gain on derecognition of contingent consideration receivables	–	(13,451)
Operating cash flows before movements in working capital	6,947	(40,557)
Change in properties under development	–	(27,448)
Change in inventories	8,857	19,950
Change in trade and other receivables	(161,669)	(6,801)
Change in finance lease receivables	18,742	11,371
Change in loan and interest receivables	(43,645)	(52,120)
Change in contract assets	(55,715)	18,763
Change in trade and other payables	84,712	(6,553)
Change in contract liabilities	16,747	(811)
Cash used in operations	(125,024)	(84,206)
Income tax (paid)/refund	(66)	2,735
Lease interest paid	(584)	–
Net cash flows used in operating activities	(125,674)	(81,471)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment	(6,021)	(8,136)
Proceeds from disposal of property, plant and equipment	2,062	29,751
Additions of property under development	(33,526)	(155,075)
Increase in financial assets at fair value through profit or loss	–	(23,354)
Proceeds from redemption of financial assets at fair value through profit or loss	–	55,708
Interest received	564	43,387
Repayment to non-controlling shareholder of the subsidiary	–	(572)
Net cash inflow/(outflow) on disposal of subsidiaries	181,531	(5,827)
Net cash flows generated from/(used in) investing activities	144,610	(64,118)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	45,832	252,369
Proceeds from new bank borrowings	–	753
Repayment of bank borrowings	(66)	(689)
Interest paid on bank borrowings	–	(21)
(Repayment to)/advance from a former director	(1)	10,127
Repayment of lease liabilities	(8,525)	(16,762)
Net cash flows generated from financing activities	37,240	245,777
NET INCREASE IN CASH AND CASH EQUIVALENTS	56,176	100,188
Cash and cash equivalents at beginning of year	147,549	47,178
Net foreign exchange difference	(3,353)	183
Cash and cash equivalents at end of year	200,372	147,549
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	200,372	147,549

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 (the "**Stock Exchange**") with effect from 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 Suite 6808, 68th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 23 to the consolidated financial statements.

In the opinion of the directors of the Company, as at 31 March 2022, Prestige Rich Holdings Limited ("**Prestige Rich**"), a company incorporated in the British Virgin Islands ("**BVI**"), is the immediate and ultimate parent; Mr. Zhang Jinbing is the ultimate controlling shareholder of the Company.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for its accounting year beginning on 1 April 2021. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the consolidated financial statements of the Group.

New/Revised HKFRSs

HKFRS 3	Amendments in relation to Reference to the Conceptual Framework^
HKAS 16	Amendments in relation to Proceeds before Intended Use^
HKAS 37	Amendments in relation to Onerous Contracts – Cost of Fulfilling a Contract^
HKFRS 17	Insurance Contracts+
HKAS 1	Amendments in relation to Classification of Liabilities as Current or Non-current+
HKAS 1	Amendments in relation to Disclosure of Accounting Policies+
HKAS 8	Amendments in relation to Definition of Accounting Estimates+
HKAS 12	Amendments in relation to Deferred Tax related to Assets and Liabilities arising from a Single Transaction+
HK-int 5	Amendments in relation to Amendments to HKAS 1+
HKFRS 10 and HKAS 28	Amendments in relation to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture#

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Annual Improvements to HKFRSs 2018–2020 Cycle

HKFRS 9	Fees in the '10 per cent' test for derecognition of financial liabilities^
HKFRS 16	Lease incentives^
HKAS 41	Taxation in fair value measurements^

^ Effective for accounting period beginning on or after 1 January 2022

+ Effective for accounting period beginning on or after 1 January 2023

No mandatory effective date yet determined but available for adoption

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings, investment properties, investments and derivatives which are carried at their fair values/fair values less costs to sell.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in Note 4 to the consolidated financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, equity investment at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combination and goodwill (Continued)

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated 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 presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses 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 exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. 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 are recognised in profit or loss during the 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. The principal annual rates/useful lives are as follows:

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

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

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal useful lives are as follows:

Machinery and equipment	5 years
Leased properties	Over lease term

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

The Group as lessor

(i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(ii) Finance leases

Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment in the leases.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

– Financial assets at amortised cost; and

– Investments at fair value through profit or loss.

(i) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(ii) Investments at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses, on financial assets at amortised cost, lease receivables and contract assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("**lifetime expected credit losses**") for trade receivables and contract assets, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables and contract assets) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. The accounting policies adopted for specific financial liabilities are set out below:

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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 reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; 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.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other revenue

Interest income is recognised using the effective interest method.

Rental income is recognised on a straight-line basis over the lease term.

Finance lease income is recognised 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 differences between the carrying amounts of assets and liabilities in the 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 and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other 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 arising on investments in subsidiaries and associates, 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.

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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities 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.

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.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of productions processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(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 the key management personnel of the entity (or of a parent of the entity).

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and other intangible assets except investments and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Discontinued operation

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss and other comprehensive income, which comprises:

– The post-tax profit or loss of the discontinued operation; and

– The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

4. KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) 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.

4. KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

(b) Provision of ECL for trade and retention receivables and contract assets

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

The information about the ECL and the Group's trade and retention receivables and contract assets are disclosed in Notes 28 and 29.

(c) Provision of ECL for loan and interest receivables

The Group uses provision matrix to calculate ECL for the loan and interest receivables. The provision rates are based on internal credit ratings as groupings of various borrowers 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, loan and interest 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 loan and interest receivables are disclosed in Note 27.

(d) 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.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, 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.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities Hong Kong dollars and Renminbi. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Interest rate risk

Other than bank balances (2021: 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, 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.

(c) Credit risk

The carrying amount of the cash and bank balances, trade and other receivables, loan and interest receivables, contract assets, other receivable from profit guarantee arrangement and amount due from a non-controlling shareholder of a subsidiary included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has no significant concentrations of credit risk.

It has policies in place to ensure that sales are made to customers with an appropriate credit history. Amounts due from related companies are closely monitored by the directors.

The credit risk on cash and bank balances and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (Continued)

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following information is used:

– internal credit rating;

– actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

– actual or expected significant changes in the operating results of the borrower;

– significant increases in credit risk on other financial instruments of the same borrower;

– significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and

– significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses two categories for non-trade receivables which reflect their credit risk and how the loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

Category	Definition	Loss provision
Performing	Low risk of default and strong capacity to pay	12-month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

	Less than 1 year HK$'000	**Between 1 and 2 years HK$'000**	**Total HK$'000**
31 March 2022			
Trade and other payables	**57,985**	**–**	**57,985**
Lease liabilities	**4,303**	**4,348**	**8,651**
	62,288	**4,348**	**66,636**

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Total HK$'000
31 March 2021			
Trade and other payables	45,881	–	45,881
Amount due to a director	1	–	1
Borrowings	66	–	66
Lease liabilities	6,493	2,794	9,287
	52,441	2,794	55,235

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Categories of financial instruments

	2022 HK$'000	2021 HK$'000
Financial assets:		
Financial assets at amortised cost		
– Trade and other receivables	269,978	15,048
– Other receivable from profit guarantee arrangement	–	101,973
– Finance lease receivables	–	125,384
– Loan and interest receivables	162,906	120,000
– Amount due from a non-controlling shareholder of a subsidiary	–	25,524
– Bank and cash balances	200,372	147,549
	633,256	535,478
Financial assets at fair value through profit or loss	2,061	3,166
	635,317	538,644
Financial liabilities:		
Financial liabilities at amortised cost		
– Trade and other payables	57,985	45,881
– Amount due to a director	–	1
– Borrowings	–	66
– Lease liabilities	7,962	8,950
	65,947	54,898

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operations and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce debt. The Group's overall strategy remains unchanged from prior year.

The gearing ratio is calculated as total debt divided by total equity.

The gearing ratios as at the end of the reporting periods were as follows:

	Note	**2022** **HK$'000**	2021 HK$'000
Debts	*(i)*	**7,962**	9,016
Total capital		**583,302**	815,894
Gearing ratio		**1.4%**	1.1%

Note:

(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 2022 and 2021.

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

6. FAIR VALUE MEASUREMENTS

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. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

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

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

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Disclosures of level in fair value hierarchy

Description	**Fair value measurements using Level 1 HK$'000**	**Total HK$'000**
Recurring fair value measurements at 31 March 2022:		
Investments at fair value through profit or loss		
Listed securities in Hong Kong	**27**	**27**
Listed securities in the United States	**2,034**	**2,034**
Total recurring fair value measurements	**2,061**	**2,061**

Description	Fair value measurements using Level 1 HK$'000	Total HK$'000
Recurring fair value measurements at 31 March 2021:		
Investments at fair value through profit or loss		
Listed securities in Hong Kong	24	24
Listed securities in the United States	3,142	3,142
Total recurring fair value measurements	3,166	3,166

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.

7. 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 2022, the Group's operating and reportable segments were: (i) provision of concrete placing services and other ancillary services in Hong Kong ("**Concrete placing**") and (ii) provision of loan finance in Hong Kong ("**Loan finance**"). The CODM considered the Group had two operating and reportable segments which were based on the internal organisation and reporting structure. This was the basis upon which the Group was organised.

For the year ended 31 March 2021, the Group's operating and reportable segments were: (i) Concrete placing in Hong Kong; (ii) sales of new energy vehicles and provision of logistics related services and car leasing services and provision of finance leasing services in Mainland China ("**NEV and Logistics and finance leasing services**"); (iii) remittance and foreign currency exchange services in United Kingdom and provision of loan finance in Hong Kong ("**Remittance and foreign currency exchange services and money lending**"); 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.

During the year ended 31 March 2022, the operating segments, including (i) NEV and Logistics and finance leasing services, (ii) Remittance and foreign currency exchange services and (iii) Real estate development were disposed and discontinued. The segment information reported does not include any amounts for these discontinued operations, which are described in detail in Note 15.

(a) Segment revenue and results

An analysis of the Group's revenue and results by reportable and operating segments is as follows:

	Continuing operations			Discontinued operations				
	Concrete placing HK$'000	Loan finance HK$'000	Subtotal HK$'000	NEV and Logistics and finance leasing services HK$'000	Remittances and foreign currency exchange services HK$'000	Real estate development HK$'000	Subtotal HK$'000	Total HK$'000
For the year ended 31 March 2022								
Revenue from external customers	330,724	13,449	344,173	12,611	44	961	13,616	357,789
Segment profit/(loss)	27,591	12,710	40,301	(10,732)	(4,494)	(70,868)	(86,094)	(45,793)
Unallocated other income			78				-	78
Unallocated expenses			(23,806)				(1,820)	(25,626)
Impairment losses			(34,532)				-	(34,532)
Loss on disposal of subsidiaries			-				(48,556)	(48,556)
Finance costs			(366)				-	(366)
Loss before taxation			(18,325)				(136,470)	(154,795)

7. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results (Continued)

	Continuing operations			Discontinued operations				
	Concrete placing HK$'000	Loan finance HK$'000	Subtotal HK$'000	NEV and Logistics and finance leasing services HK$'000	Remittances and foreign currency exchange services HK$'000	Real estate development HK$'000	Subtotal HK$'000	Total HK$'000
For the year ended 31 March 2021 (Restated)								
Revenue from external customers	62,189	5,134	67,323	61,950	4,161	–	66,111	133,434
Segment (loss)/profit	(22,686)	4,467	(18,219)	(115,039)	3,494	–	(111,545)	(129,764)
Unallocated other income			71,190				8,827	80,017
Unallocated expenses			(36,171)				(136,616)	(172,787)
Gain on derecognition of contingent consideration receivable			13,451				–	13,451
Gain on disposal of a subsidiary			67,560				–	67,560
Finance costs			(5,207)				(850)	(6,057)
Profit/(loss) before taxation			92,604				(240,184)	(147,580)

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, gain on derecognition of contingent consideration receivable, (loss)/gain on disposal of subsidiaries, impairment loss, finance costs and unallocated income and expenses. This is the measure reported to CODM for the purpose of resource allocation and performance assessment.

All the segment revenue reported above is from external customers.

7. SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities

An analysis of the Group's assets and liabilities by reportable and operating segments is as follows:

	Continuing operations			Discontinued operations				
	Concrete placing HK$'000	Loan finance HK$'000	Subtotal HK$'000	NEV and Logistics and finance leasing services HK$'000	Remittances and foreign currency exchange services HK$'000	Real estate development HK$'000	Subtotal HK$'000	Total HK$'000
For the year ended 31 March 2022								
ASSETS								
Segment assets	196,590	185,840	382,430	–	–	–	–	382,430
Unallocated corporate assets								320,796
Consolidated total assets								703,226
LIABILITIES								
Segment liabilities	55,695	347	56,042	–	–	–	–	56,042
Unallocated corporate liabilities								63,882
Consolidated total liabilities								119,924
For the year ended 31 March 2021								
ASSETS								
Segment assets	–	135,586	135,586	288,462	18,401	297,577	604,440	740,026
Unallocated corporate assets								134,628
Consolidated total assets								874,654
LIABILITIES								
Segment liabilities	–	1,704	1,704	50,056	783	–	50,839	52,543
Unallocated corporate liabilities								6,217
Consolidated total liabilities								58,760

7. SEGMENT INFORMATION (CONTINUED)

(c) Other segment information

	Continuing operations			Discontinued operations					
	Concrete placing HK$'000	Loan finance HK$'000	Subtotal HK$'000	NEV and Logistics and finance leasing services HK$'000	Remittances and foreign currency exchange services HK$'000	Real estate development HK$'000	Subtotal HK$'000	Unallocated HK$'000	Total HK$'000
For the year ended 31 March 2022									
Amounts included in the measurement of segment profit or loss or segment assets:									
Additions to non-current assets *(Note)*	40	460	500	4,595	–	202	4,797	724	6,021
Depreciation of property, plant and equipment	(5)	(529)	(534)	(3,171)	(6)	(158)	(3,335)	(205)	(4,074)
Loss on disposal of property, plant and equipment	–	–	–	(4)	–	–	(4)	–	(4)
Impairment loss on properties under development	–	–	–	–	–	(61,308)	(61,308)	–	(61,308)
Reversal of impairment loss on finance lease receivables	–	–	–	5,536	–	–	5,536	–	5,536
Impairment loss on trade and other receivables	–	(87)	(87)	(8,605)	(966)	–	(9,571)	(23,315)	(32,973)
Impairment loss on loan and interest receivables	–	(739)	(739)	–	–	–	–	–	(739)
Impairment loss on other receivable from profit guarantee arrangement	–	–	–	–	–	–	–	(11,217)	(11,217)
Interest income	–	–	–	564	–	–	564	–	564
Interest expense	–	–	–	(200)	–	(18)	(218)	(366)	(584)
Amounts regularly provided to the CODM but not included in the measurement of segment profit or loss:									
Income tax expense	(4,384)	–	(4,384)	–	–	–	–	–	(4,384)

7. SEGMENT INFORMATION (CONTINUED)

(c) Other segment information (Continued)

	Continuing operations			Discontinued operations					
	Concrete placing HK$'000	Loan finance HK$'000	Subtotal HK$'000	NEV and Logistics and finance leasing services HK$'000	Remittances and foreign currency exchange services HK$'000	Real estate development HK$'000	Subtotal HK$'000	Unallocated HK$'000	Total HK$'000
For the year ended 31 March 2021 (Restated)									
Amounts included in the measurement of segment profit or loss or segment assets:									
Additions to non-current assets (Note)	–	–	–	8,105	–	–	8,105	31	8,136
Depreciation of property, plant and equipment	(3,408)	–	(3,408)	(2,541)	–	–	(2,541)	(5,816)	(11,765)
(Loss)/gain on disposal of property, plant and equipment	(3,120)	–	(3,120)	3,525	–	–	3,525	–	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	–	60	2,841	–	–	2,841	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 credit/(expense)	1,411	(28)	1,383	3,088	(283)	–	2,805	(3,283)	905

Note: As at 31 March 2022 and 2021, non-current assets included property, plant and equipment.

7. SEGMENT INFORMATION (CONTINUED)

(d) Geographical information

The Group's continuing operations are located in Hong Kong.

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		Non-current assets	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
		(Restated)		(Restated)
Continuing operations:				
Hong Kong	**344,173**	67,323	**9,606**	21,997

(e) Revenue from major customers

	2022	2021
	HK$'000	HK$'000
Concrete placing:		
Customer A	**112,662**	N/A*
Customer B	**64,590**	N/A*
Customer C	**39,012**	N/A*
Customer D	**N/A***	22,438
Customer E	**N/A***	16,290

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

8. REVENUE

	2022 HK$'000	2021 HK$'000 (Restated)
Continuing operations:		
Concrete placing services and other ancillary services	330,724	62,189
Revenue from contracts with customers	330,724	62,189
Loan interest income	13,449	5,134
Total revenue	344,173	67,323

Disaggregation of revenue from contracts with customers

	2022	
Segments	**Concrete placing HK$'000**	**Total HK$'000**
Geographical markets		
Hong Kong	330,724	330,724
Total	330,724	330,724
Major products/service		
Concrete placing services and other ancillary services	330,724	330,724
Total	330,724	330,724
Timing of revenue recognition		
At a point in time	–	–
Over time	330,724	330,724
Total	330,724	330,724

8. REVENUE (CONTINUED)

	2021 (Restated)	
Segments	Concrete placing	Total
	HK$'000	HK$'000
Geographical markets		
Hong Kong	62,189	62,189
Total	62,189	62,189
Major products/service		
Concrete placing services and other ancillary services	62,189	62,189
Total	62,189	62,189
Timing of revenue recognition		
At a point in time	–	–
Over time	62,189	62,189
Total	62,189	62,189

Concrete placing services and other ancillary services

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.

9. OTHER INCOME

	Note	**2022** **HK$'000**	2021 HK$'000 (Restated)
Bank interest income		**–**	1
Recovery of loan interest in arrears		**–**	43,369
Rental income		**–**	1,611
Interest income from life insurance policies		**–**	60
Government grants	*(i)*	**–**	8,536
Insurance claims		**–**	2,659
Dividend income		**–**	549
Gain on exchange difference		**–**	674
Gain on disposal of financial assets at fair value through profit or loss		**–**	12,513
Other income		**78**	1,215
		78	71,187

Note:

(i) During the year ended 31 March 2021, the Group recognised government grants in respect of COVID-19-related subsidies, of which approximately HK$5,569,000 relates to Employment Support Scheme provided by the Hong Kong Government.

10. FINANCE COSTS

	2022 **HK$'000**	2021 HK$'000 (Restated)
Interest on lease liabilities	**366**	138
Interest on loan from the former substantial shareholder	**–**	5,069
	366	5,207

11. LOSS FOR THE YEAR

The Group's loss for the year is arrived at after charging:

	2022 HK$'000	2021 HK$'000 (Restated)
Auditors' remuneration		
– Audit services	1,770	1,400
– Non-audit services	110	–
	1,880	1,400
Depreciation of property, plant and equipment	739	5,130
Depreciation of right-of-use assets	3,924	5,189
Impairment losses of financial assets:		
Impairment of trade and other receivables	23,402	–
Impairment of loan and interest receivables	739	–
Impairment of other receivable from profit guarantee arrangement	11,217	–
	35,358	–
Staff costs including directors' remuneration:		
Wages and salaries	144,320	69,952
Pension scheme contributions	2,401	299
	146,721	70,251

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2022 **HK$'000**	2021 HK$'000
Fees	**360**	451
Other emoluments:		
Salaries, allowances and benefits in kind	**1,133**	770
Discretionary bonuses	**–**	–
Pension scheme contribution	**25**	10
	1,158	780
	1,518	1,231

(a) Directors' and chief executive's emoluments

		For the year ended 31 March 2022				
	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Pension scheme contribution HK$'000	Total HK$'000
Independent non-executive directors:						
Mr. Tam Ping Kuen, Daniel		120	–	–	–	120
Dr. Li Yifei	*(i)*	110	–	–	–	110
Mr. Yan Haiting	*(ii)*	26	–	–	–	26
Mr. Zhao Hangen	*(iii)*	10	–	–	–	10
Ms. Chen Weijie	*(iv)*	94	–	–	–	94
		360	–	–	–	360
Executive directors:						
Mr. Zhang Jinbing		–	–	–	–	–
Mr. Ma Chao	*(v)*	–	80	–	4	84
Mr. Qiu Peiyuan	*(vi)*	–	110	–	6	116
Mr. Leung Chi Kwong Joe	*(iv)*	–	943	–	15	958
		–	1,133	–	25	1,158
Non-executive director:						
Dr. Gao Gunter	*(vii)*	–	–	–	–	–
		360	1,133	–	25	1,518

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (CONTINUED)

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

		For the year ended 31 March 2021				
	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Pension scheme contribution HK$'000	Total HK$'000
Independent non-executive directors:						
Mr. Tam Ping Kuen, Daniel		120	–	–	–	120
Dr. Zhu Zhengfu	*(viii)*	91	–	–	–	91
Dr. Li Yifei	*(i)*	120	–	–	–	120
Mr. Yan Haiting	*(ii)*	30	–	–	–	30
		361	–	–	–	361
Executive directors:						
Mr. Zhang Jinbing		–	–	–	–	–
Mr. Ni Biao	*(ix)*	–	96	–	–	96
Mr. Yang Rui	*(ix)*	–	629	–	8	637
Mr. Ma Chao	*(v)*	–	25	–	2	27
Mr. Qiu Peiyuan	*(vi)*	–	20	–	–	20
		–	770	–	10	780
Non-executive directors:						
Mr. Yan Haiting	*(ii)*	90	–	–	–	90
Dr. Gao Gunter	*(vii)*	–	–	–	–	–
		90	–	–	–	90
		451	770	–	10	1,231

Notes:

(i) Resigned on 28 February 2022.

(ii) Re-designated from Non-Executive Director to Independent Non-Executive Director on 4 January 2021, and resigned on 18 June 2021.

(iii) Appointed on 28 February 2022.

(iv) Appointed on 18 June 2021.

(v) Appointed on 18 January 2021 and resigned on 29 November 2021.

(vi) Appointed on 1 February 2021 and resigned on 28 February 2022.

(vii) Appointed on 10 February 2021 and resigned on 8 June 2021.

(viii) Resigned on 4 January 2021.

(ix) Resigned on 18 January 2021.

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (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 2022, 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 (2021: Nil). Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the year ended 31 March 2022 (2021: Nil).

(b) Five highest paid individual emoluments

The five highest paid individuals of the Group included one (2021: Nil) director, details of whose remuneration are set out above. The emoluments of the remaining four (2021: five) highest paid employees are as follows:

	2022 **HK$'000**	2021 HK$'000
Salaries, allowances and benefits in kind	**2,406**	5,481
Discretionary bonuses	**69**	–
Pension scheme contribution	**54**	72
	2,529	5,553

Emoluments of these employees were within the following bands:

Emolument band	**Number of employees** **2022**	 2021
HK$1 to HK$1,000,000	**4**	3
HK$1,000,001 to HK$1,500,000	**–**	1
HK$2,000,001 to HK$2,500,000	**–**	1
	4	5

During the year ended 31 March 2022, 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 (2021: Nil).

13. INCOME TAX EXPENSE

	2022 **HK$'000**	2021 HK$'000 (Restated)
Current tax – Hong Kong Profits Tax		
Provision for the year	**4,384**	3,392
Deferred taxation *(Note 35)*	**–**	(1,507)
Income tax expense	**4,384**	1,885

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.

The Group's subsidiary in the Grenada is subject to Corporation Tax in the Grenada ("**Corporation Tax**"). Corporation Tax is calculated at 10% of the estimated assessable profits for the year ended 31 March 2022 (2021: 10%).

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

13. INCOME TAX EXPENSE (CONTINUED)

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

	2022 HK$'000	2021 HK$'000 (Restated)
(Loss)/profit from continuing operations before taxation	**(18,325)**	92,604
Tax calculated at weighted average tax rate	**(5,191)**	15,132
Tax effect of non-taxable income	**(193)**	(16,163)
Tax effect of expenses not deductible for tax purposes	**3,343**	2,263
Utilisation of previously unrecognised tax losses	**–**	(4,603)
Tax effect of tax losses not recognised	**6,600**	5,441
Tax concession	**(165)**	(185)
One-off tax reduction	**(10)**	–
Taxation for the year	**4,384**	1,885

14. DIVIDENDS

The directors do not recommend the payment of any dividend for each of the years ended 31 March 2022 and 2021.

15. DISCONTINUED OPERATIONS

The loss for the year from the discontinued operations is analysed as follows:

	2022 HK$'000	2021 HK$'000
(Loss)/profit from discontinued operations		
– NEV and Logistics and finance leasing services	**(67,065)**	(237,435)
– Remittances and foreign currency exchange services	**(6,596)**	90
– Real estate development	**(62,809)**	(49)
	(136,470)	(237,394)

The Group's discontinued operations for the year ended 31 March 2022 represented the businesses involving (a) sale of new energy vehicles ("**NEVs**"), leasing of NEVs and provision of logistics operated by Stand East Investment Limited and its subsidiaries ("**Stand East Group**") and the provision of finance leasing services operated by Blossom Field Trading Develop Limited, Hua Yao Industrial (Shenzhen) Limited and Hua Yao Finance Lease (Shenzhen) Limited ("**Hua Yao Group**"); (b) remittances and foreign currency exchange services operated by Newport Service (UK) Limited ("**Newport UK**"); and (c) real estate development operated by Hartman Education Service Limited and its subsidiary ("**Hartman Group**").

15. DISCONTINUED OPERATIONS (CONTINUED)

(a) NEV and Logistics and finance leasing services

On 22 October 2021, the Group entered into a sale and purchase agreement to dispose of the entire equity interest in Stand East Group and Hua Yao Group at a total consideration of HK$180,000,000. The Stand East Group and Hua Yao Group represented the whole NEV and Logistics and finance leasing services segment of the Group upon the completion of the disposal, the Group's NEV and Logistics and finance leasing services would be discontinued. The disposal was completed on 4 November 2021, the date on which the control of Stand East Group and Hua Yao Group was passed to the acquirer.

(b) Remittances and foreign currency exchange services

On 15 December 2021, the Group entered into a sale and purchase agreement to dispose of the entire equity interest in Newport UK at a total consideration of HK$11,000,000. Newport UK represented the whole remittances and foreign currency exchange services segment of the Group upon completion of the disposal, the Group's segment on remittances and foreign currency exchange services would be discontinued. The disposal was completed on 17 December 2021, the date on which the control of Newport UK was passed to the acquirer.

(c) Real estate development

On 28 February 2022, the Group through its direct wholly-owned subsidiary, Kingdom Honour Holdings Limited, entered into a disposal agreement with an independent third party in relation to the disposal of entire equity interest in Hartman Group at a total consideration of approximately HK$638,000. Upon the completion of the disposal, the Group's segment on real estate development would be discontinued. The disposal was completed on 28 February 2022, the date on which the control of Hartman Group was passed to the acquirer.

15. DISCONTINUED OPERATIONS (CONTINUED)

The result of the discontinued operations of Stand East Group and Hua Yao Group, Newport UK and Hartman Group for the period from 1 April 2021 to their respective dates of disposal, which have been included in consolidated profit or loss, are as follows:

	2022				2021			
	NEV and Logistics and finance leasing services HK$'000	Remittances and foreign currency exchange services HK$'000	Real estate development HK$'000	Total HK$'000	NEV and Logistics and finance leasing services HK$'000	Remittances and foreign currency exchange services HK$'000	Real estate development HK$'000	Total HK$'000 (restated)
Revenue	12,611	44	961	13,616	61,950	4,161	–	66,111
Cost of sales	(11,570)	(48)	–	(11,618)	(55,232)	(667)	–	(55,899)
Gross profit/(loss)	1,041	(4)	961	1,998	6,718	3,494	–	10,212
Other income	6,477	529	4	7,010	–	–	–	–
Other gains and losses, net	(314)	–	–	(314)	8,464	769	2	9,235
Selling and distribution expenses	(1,018)	–	–	(1,018)	(2,300)	–	–	(2,300)
Administrative and other operating expenses	(15,383)	(4,053)	(10,777)	(30,213)	(33,880)	(3,882)	(51)	(37,813)
(Loss)/gain on disposal of subsidiaries	(54,513)	(2,102)	8,059	(48,556)	–	–	–	–
Impairment	(3,069)	(966)	(61,038)	(65,073)	(214,232)	–	–	(214,232)
Written-off of prepayments and other receivables	–	–	–	–	(4,216)	–	–	(4,216)
Share of results of an associate	(86)	–	–	(86)	(220)	–	–	(220)
Finance costs	(200)	–	(18)	(218)	(841)	(9)	–	(850)
(Loss)/profit before income tax from discontinued operations	(67,065)	(6,596)	(62,809)	(136,470)	(240,507)	372	(49)	(240,184)
Income tax credit/(expense)	–	–	–	–	3,072	(282)	–	2,790
(Loss)/profit for the year from discontinued operations	(67,065)	(6,596)	(62,809)	(136,470)	(237,435)	90	(49)	(237,394)

During the year, the disposed subsidiaries received approximately HK$33,415,000 (2021: HK$78,191,000) in respect of operating activities, paid approximately HK$36,263,000 (2021: received HK$19,498,000) in respect of investing activities and paid approximately HK$4,478,000 (2021: HK$11,041,000) in respect of financing activities.

No tax charge or credit arose on (loss)/gain on disposal of the discontinued operations.

16. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) From continuing and discontinued operations

The calculation of the basic and diluted loss per share is based on the following data:

	2022	2021
	HK$'000	HK$'000
Loss attributable to owners of the Company	**(158,283)**	(136,062)

	Number of shares	
	2022	2021
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**1,075,713**	1,012,331

(b) From continuing operations

The calculation of the basic and diluted (loss)/earnings per share is based on the following data:

	2022	2021
	HK$'000	HK$'000
(Loss)/profit attributable to owners of the Company	**(22,709)**	90,719

	Number of shares	
	2022	2021
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	**1,075,713**	1,012,331

16. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (CONTINUED)

(c) From discontinued operation

The calculation of the basic and diluted loss per share is based on the following data:

	2022	2021
	HK$'000	HK$'000
Loss attributable to owners of the Company	**(135,574)**	(226,781)

	Number of shares	
	2022	2021
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**1,075,713**	1,012,331

The diluted loss per share for both 2022 and 2021 were the same as basic loss per share as there were no potential ordinary share in issue during the years ended 31 March 2022 and 2021.

17. 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 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 realignment	–	49	358	2,772	3,179
At 31 March 2021 and 1 April 2021	–	2,671	5,262	24,297	32,230
Additions	–	–	407	5,614	6,021
Disposals	–	–	(19)	(3,427)	(3,446)
Disposal of a subsidiary	–	(643)	(4,575)	(23,190)	(28,408)
Exchange realignment	–	10	74	344	428
At 31 March 2022	–	2,038	1,149	3,638	6,825
ACCUMULATED DEPRECIATION AND IMPAIRMENT:					
At 1 April 2020	67,015	1,641	2,111	11,823	82,590
Provided during 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 realignment	–	23	89	575	687
At 31 March 2021 and 1 April 2021	–	2,463	1,871	8,211	12,545
Provided during the year	–	142	710	3,222	4,074
Disposals	–	–	(7)	(1,375)	(1,382)
Disposal of a subsidiary	–	(577)	(2,080)	(7,956)	(10,613)
Exchange realignment	–	10	229	53	292
At 31 March 2022	–	2,038	723	2,155	4,916
CARRYING AMOUNT:					
At 31 March 2022	–	–	426	1,483	1,909
At 31 March 2021	–	208	3,391	16,086	19,685

Note: Depreciation expense of approximately HK$Nil (2021: HK$5,902,000) has been included in cost of sales.

18. PROPERTIES UNDER DEVELOPMENT

	2022 HK$'000	2021 HK$'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 and development costs represents costs incurred after acquisition of the land, which were capitalised.

On 26 November 2021, the sale and purchase agreement for the acquisition of land parcel in Grenada was terminated between the Government of Grenada and the Group, the Government of Grenada shall return the consideration in the sum of US$20,000,000 to the Group. As such, the land cost and related development costs were derecognised on 26 November 2021.

19. LEASES AND RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2022 HK$'000	2021 HK$'000
At 31 December:		
Right-of-use assets		
– Leased properties	7,697	5,813
– Motor vehicles	–	6,433
	7,697	12,246

19. LEASES AND RIGHT-OF-USE ASSETS (CONTINUED)

The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:

	2022 HK$'000	2021 HK$'000
– Less than 1 year	4,303	6,493
– 1–2 years	4,348	2,794
	8,651	9,287
Year ended 31 December:		
Depreciation charge of right-of-use assets		
– Leased properties	5,886	6,704
– Motor vehicles	1,252	2,684
	7,138	9,388
Lease interests	584	138
Expenses related to short-term leases	421	3,568
Total cash outflow for leases	9,530	16,762
Additions to right-of-use assets	12,712	1,684

The Group leases various offices and motor vehicles under leases expiring from 2 to 3 years (2021: expiring from 2 to 3 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.

20. GOODWILL

	HK$'000
Cost	
At 1 April 2020	491,171
Exchange differences	41,659
At 31 March 2021 and 1 April 2021	532,830
Disposal of subsidiaries *(Note 39(a))*	(532,830)
At 31 March 2022	–
Accumulated impairment losses	
At 1 April 2020	358,646
Impairment loss recognised for the year	119,459
Exchange differences	34,613
At 31 March 2021 and 1 April 2021	512,718
Disposal of subsidiaries *(Note 39(a))*	(512,718)
At 31 March 2022	–
Carrying amount	
At 31 March 2022	–
At 31 March 2021	20,112

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 and finance leasing business.

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

The recoverable amount of the CGU as at 31 March 2021 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.

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% in 2021. The CGU's cash flows beyond the 5-year period are extrapolated using a steady 3.0% growth rate in 2021. 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.

20. GOODWILL (CONTINUED)

Impairment test (Continued)

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. 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**"), as at 31 March 2021 the recoverable amount of the CGU is approximately HK$49,907,000, and an impairment loss of approximately HK$119,459,000 was recognised for the year ended 31 March 2021 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. 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.

During the year ended 31 March 2022, the Group entered into a sale and purchase agreement to dispose of the entire equity interest in Stand East and such disposal was completed on 4 November 2021. As such, the goodwill was derecognised during the year ended 31 March 2022. The detailed information of the disposal is described in Note 39(a).

21. OTHER RECEIVABLE FROM PROFIT GUARANTEE ARRANGEMENT

	Other receivable from profit guarantee arrangement HK$'000	Contingent consideration receivable HK$'000
At 1 April 2020	–	88,522
Recognition/(derecognition)	101,973	(88,522)
At 31 March 2021 and 1 April 2021	101,973	–
Provision for loss allowance	(11,217)	–
Derecognition	(90,756)	–
At 31 March 2022	–	–

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 Kai Xuan Automotive Leasing Co., Limited. ("**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.

21. 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.

During the year ended 31 March 2022, on 26 January 2022, the Former Owner agreed to forfeit the remaining shares of 101,973,340 under the escrow account due to non-fulfilment of profit guarantee for the years ended 31 December 2020 and 2021. The Group recognised an impairment loss of approximately HK$11,217,000 on the other receivable from profit guarantee arrangement and recognised the other receivable from profit guarantee arrangement of approximately HK$90,756,000 to share premium reserve.

22. FINANCE LEASE RECEIVABLES

		Lease payments		**Present value of lease payments**	
		2022	2021	**2022**	2021
	Note	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Less than 1 year		–	152,332	–	132,754
Between 1 and 2 years		–	31,970	–	31,258
Between 2 and 3 years		–	14,395	–	14,131
Between 3 and 4 years		–	1,751	–	1,867
		–	200,448	–	180,010
Less: Allowance for credit loss	*(i)*	–	(54,626)	–	(54,626)
Less: Unearned finance income		–	(20,438)	–	–
Present value of lease payments		–	125,384	–	125,384
Less: Amount within 12 months (shown under current assets)				–	(95,449)
Amount receivable after 12 months				–	29,935

As at 31 March 2021, 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.

Effective interest rates of the above finance leases was 4.75% per annum in 2021.

Finance lease receivables were denominated in RMB.

During the year ended 31 March 2022, the Group entered into a sale and purchase agreement to dispose of the entire equity interest in Stand East and such disposal was completed on 4 November 2021. As such, the finance lease receivables were derecognised during the year ended 31 March 2022. The detailed information of the disposal is described in Note 39(a).

22. FINANCE LEASE RECEIVABLES (CONTINUED)

Note:

(i) Reconciliation of the loss allowance for finance lease receivables:

	2022 HK$'000	2021 HK$'000
At 1 April	54,626	–
Impairment loss	–	52,773
Disposal of subsidiaries	(54,317)	–
Exchange realignment	(309)	1,853
At 31 March	–	54,626

23. SUBSIDIARIES

Particulars of the subsidiaries are as follows:

Company name	Place of incorporation or registration/ operations	Issued and paid up capital	Percentage of equity interests attributable to the Company 2022	2021	Principal activities
Direct					
Kingdom Honour Holdings Limited	BVI	USD1	100%	100%	Investment holding
China Golden Holdings Limited	Hong Kong	HK$100	100%	100%	Loan finance
Radiant Path Developments Limited*	BVI	USD1	100%	–	Investment holding
Indirect					
Hartman Education Enterprise Ltd.	Grenada	USD100	100%	100%	Real estate development
Chong Kin Construction Engineering Limited#	Hong Kong	HK$100	100%	–	Concrete placing and other ancillary services
Chong Yu Construction Engineering Limited^	Hong Kong	HK$100	100%	–	Concrete placing and other ancillary services
Stand East Investment Limited+	BVI	USD2	–	100%	Investment holding
Profit Empire Investment Limited+	Hong Kong	HK$1	–	100%	Investment holding

23. SUBSIDIARIES (CONTINUED)

Company name	Place of incorporation or registration/ operations	Issued and paid up capital	Percentage of equity interests attributable to the Company 2022	2021	Principal activities
Zhong Jun Kai Xuan Automotive Leasing Co., Limited@+ (中軍凱旋汽車租賃有限公司)	PRC	RMB260,000,000	–	90%	Investment holding, NEV and logistics related services
Shenzhen Zhong Jun Kaixuan Supply Chain Management Co., Limited@+ (深圳中鑄凱旋供應鏈管理有限公司)	PRC	RMB100,000,000	–	90%	NEV and logistics related services
Wuhu Zhong Jun Automotive Services Co., Limited@+ (蕪湖中軍汽車服務有限公司)	PRC	RMB50,000,000	–	90%	NEV and logistics related services
Hangzhou Zhong Jun Kaixuan Supply Chain Management Co., Limited@+ (杭州中軍凱旋供應鏈管理有限公司)	PRC	RMB3,000,000	–	90%	NEV and logistics related services
Ningxia Zhong Jin New Energy Technology Co., Limited@+ (寧夏中錦新能源科技有限公司)	PRC	RMB50,000,000	–	63%	NEV and logistics related services
Hua Yao Finance Leasing (Shenzhen) Co., Limited@+ (華耀融資租賃(深圳)有限公司)	PRC	USD30,000,000	–	63%	Finance leasing services
Newport Services (UK) Limited∅	United Kingdom	GBP100	–	100%	Cross-boarder payment and money exchange services

* Incorporated in Hong Kong on 20 April 2021.

\# Incorporated in Hong Kong on 16 June 2021.

^ Incorporated in Hong Kong on 9 July 2021.

\+ Disposed by the Group on 4 November 2021.

∅ Disposed by the Group on 17 December 2021.

@ The English names of these companies represent the best effort made by management of the Company to directly translate the Chinese names as these companies do not register any official English names.

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.

24. INVESTMENT IN AN ASSOCIATE

	2022 **HK$'000**	2021 HK$'000
Unlisted investments:		
Share of net assets	–	3,420
Goodwill	–	9,339
Impairment losses	–	(1,131)
	–	11,628

The following table shows information of associates that are material to the Group. These associates are 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 associates.

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

	2021
% of ownership interests/voting rights held by the Group	22%

	HK$'000
At 31 March	
Non-current assets	20,428
Current assets	191,649
Current liabilities	(196,531)
Net assets	15,546
Group's share of net assets	3,420
Goodwill	9,339
Impairment loss	(1,131)
Group's share of carrying amount of interests	11,628
Year ended 31 March	
Revenue	17,162
Loss before tax	(1,000)
Loss after tax	(1,000)
Total comprehensive loss	(1,000)

24. INVESTMENT IN AN ASSOCIATE (CONTINUED)

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 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.

During the year ended 31 March 2022, the Group entered into a sale and purchase agreement to dispose of the entire equity interest in Stand East and such disposal was completed on 4 November 2021. As such, the investment in an associate was derecognised during the year ended 31 March 2022. The detailed information of the disposal is described in Note 39(a).

25. INVENTORIES

	2022 **HK$'000**	2021 HK$'000
Electronic equipment parts	**–**	298
New energy vehicles held for sales	**–**	27,921
	–	28,219

During the year ended 31 March 2022, the Group entered into a sale and purchase agreement to dispose of the entire equity interest in Stand East and such disposal was completed on 4 November 2021. As such, the inventories were derecognised during the year ended 31 March 2022. The detailed information of the disposal is described in Note 39(a).

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 **HK$'000**	2021 HK$'000
Financial assets mandatorily measured at FVTPL:		
Listed securities held for trading:		
– Equity securities listed in Hong Kong	**27**	24
– Equity securities listed in the United States	**2,034**	3,142
	2,061	3,166

27. LOAN AND INTEREST RECEIVABLES

	2022 HK$'000	2021 HK$'000
Loan receivables	155,000	120,000
Interest receivables	8,645	–
Provision for loss allowance	(739)	–
	162,906	120,000

Notes:

(i) Loan receivables to the extent of approximately HK$155,000,000 (2021: HK$120,000,000), which arise from the loan finance business to independent third parties in Hong Kong, are denominated in HK$.

(ii) Loan receivables are repayable with fixed terms ranging from three to eighteen months (2021: seven to eighteen months).

(iii) As at 31 March 2022, loans receivable of approximately HK$95,000,000 (2021: HK$Nil) bearing interests of 12% per annum, are unsecured and expected to be settled by the borrowers within 1 year.

(iv) As at 31 March 2022, loan receivables of approximately HK$60,000,000 (2021: HK$120,000,000) bearing interests of 12% (2021: 12% to 18%) per annum, are secured and expected to be settled by the borrowers within 1 year. These loan receivables are secured by a first legal charge on several industrial properties in Hong Kong (2021: second legal charge on a property in Hong Kong and ordinary shares of a company listed on Hong Kong Stock Exchange).

(v) The maturity profile of the loan receivables based on maturity date which are not impaired is as follows:

	2022 HK$'000	2021 HK$'000
Past due	60,000	20,000
Not past due, receivable in:		
1 month to 3 months	40,000	–
More than 3 months but less than 1 year	55,000	100,000
	155,000	120,000

28. TRADE AND OTHER RECEIVABLES

	Notes	**2022 HK$'000**	2021 HK$'000
Trade receivables	*(i)*	**110,957**	18,002
Retention receivables	*(i)*	**18,072**	–
Provision for loss allowance	*(i)*	**–**	(6,827)
Trade receivables, net		**129,029**	11,175
Prepayments for purchases of motor vehicles and insurances		**–**	58,879
Prepayments		**462**	–
VAT recoverable		**–**	22,409
Other receivable from the Government of Grenada	*(ii)*	**155,450**	–
Other receivables		**8,901**	–
Other deposits and prepayments		**2,126**	19,576
Provision for loss allowance	*(iii)*	**(23,402)**	(35,893)
Other receivables, net		**143,537**	64,971
Total trade and other receivables		**272,566**	76,146

28. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

(i) 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 45 days (2021: 0 to 30 days) from payment application date generally.

The aging analysis of the trade receivables based on the invoice date and net of loss allowance, is as follows:

	2022 **HK$'000**	2021 HK$'000
0–90 days	**129,029**	8,493
91–180 days	**–**	1,168
181–365 days	**–**	1,514
	129,029	11,175

Reconciliation of the loss allowance for trade receivables:

	2022 **HK$'000**	2021 HK$'000
At 1 April	**6,827**	243
Impairment loss	**–**	6,340
Disposal of subsidiaries	**(6,788)**	–
Exchange realignment	**(39)**	244
At 31 March	**–**	6,827

28. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(i) (continued)

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current (not past due)	**Within 90 days past due**	**91 to 180 days past due**	**181 to 365 days past due**	**Over 1 year past due**	**Total**
At 31 March 2022						
Weighted average expected loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	
Receivable amount (HK$'000)	**129,029**	**–**	**–**	**–**	**–**	**129,029**
Loss allowance (HK$'000)	**–**	**–**	**–**	**–**	**–**	**–**

	Current (not past due)	Within 90 days past due	91 to 180 days past due	181 to 365 days past due	Over 1 year past due	Total
At 31 March 2021						
Weighted average expected loss rate	9%	51%	7%	45%	100%	
Receivable amount (HK$'000)	7,814	2,826	1,250	2,769	3,343	18,002
Loss allowance (HK$'000)	(700)	(1,448)	(82)	(1,254)	(3,343)	(6,827)

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.

The Group typically agrees to a retention period of not more than one year after completion of construction projects range from 1% to 10% of the contract value.

(ii) On 26 November 2021, the sale and purchase agreement for the acquisition of land parcel in Grenada was terminated between the Government of Grenada and the Group, the Government of Grenada shall return the consideration in the sum of US$20,000,000 to the Group. Based on the valuation report prepared by independent professional valuers, Vincorn Consulting and Appraisal Limited, as at 31 March 2022 the expected recoverable amount in respect of the abovementioned receivable is approximately HK$132,135,000, and an impairment loss of approximately HK$23,315,000 was recognised for the year.

(iii) Reconciliation of the loss allowance for other receivables:

	2022 HK$'000	2021 HK$'000
At 1 April	**35,893**	140
Impairment loss	**23,402**	34,529
Disposal of subsidiaries	**(35,690)**	–
Exchange realignment	**(203)**	1,224
At 31 March	**23,402**	35,893

29. CONTRACT ASSETS AND LIABILITIES

Disclosures of revenue-related items:

	As at 31 March 2022 HK$'000	As at 31 March 2021 HK$'000	As at 1 April 2020 HK$'000
Contract assets – construction	**55,715**	–	111,868
Total contract assets	**55,715**	–	111,868
Contract liabilities – construction	**16,747**	–	–
Contract liabilities – sale of equipment	**–**	–	811
Total contract liabilities	**16,747**	–	811
Contract receivables (include in trade receivables)	**129,029**	–	18,478
Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:			
– 2022	**231,838**	–	
– 2023	**12,930**	–	
	244,768	–	

Significant changes in contract assets (before impairment) and contract liabilities during the year:

	2022		2021	
	Contract assets HK$'000	**Contract liabilities HK$'000**	Contract assets HK$'000	Contract liabilities HK$'000
Increase due to operations in the year	**213,176**	**64,295**	–	–
Transfer of contract assets to receivables	**(157,531)**	**–**	18,763	–
Transfer of contract liabilities to revenue	**–**	**(80,973)**	–	(850)
Disposal of a subsidiary *(Note 39(a))*	**–**	**–**	(93,105)	–
Effect of foreign currency exchange difference	**–**	**–**	–	39

29. CONTRACT ASSETS AND LIABILITIES (CONTINUED)

A contract asset represents the Company's right to consideration in exchange for products or services that the Company has transferred to a customer.

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

In respect of construction contracts in progress at the end of the reporting period, retentions receivable included in trade receivables is approximately HK$18,072,000. The amount of retentions expected to be recovered after more than twelve months is approximately HK$18,072,000.

30. BANK AND CASH BALANCES

	2022 **HK$'000**	2021 HK$'000
Cash at bank	**200,364**	147,055
Cash on hand	**8**	494
Bank and cash balances	**200,372**	147,549
Denominated in:		
ECD (Eastern Caribbean dollar)	**9**	430
USD	**162,706**	114,043
GBP	**–**	3,208
RMB	**11**	12,284
HKD	**37,646**	17,584
	200,372	147,549

At 31 March 2022, the Group's bank balances and cash denominated in RMB amounted to approximately RMB9,000 (2021: RMB10,373,000), equivalent to approximately HK$11,000 (2021: HK$12,284,000). 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 2022 and 2021, 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.

31. TRADE AND OTHER PAYABLES

	Note	2022 HK$'000	2021 HK$'000
Trade payables		24,958	5,559
Accrued salaries		10,570	1,271
Other accruals		18,980	2,691
Other payables		33,027	19,706
Advances from Government	*(i)*	–	2,654
Other tax payables		–	14,000
		87,535	45,881

Note:

(i) 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 aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2022 HK$'000	2021 HK$'000
0 to 90 days	24,958	1,061
181 days to 365 days	–	10
Over 1 year	–	4,488
	24,958	5,559

32. AMOUNTS DUE FROM A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY/TO A DIRECTOR

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

33. BORROWINGS

	2022	2021
	HK$'000	HK$'000
Bank borrowings	**–**	66
The borrowings are repayable as follows:		
On demand or within one year	**–**	66
Less: Amount due for settlement within 12 months (shown under current liabilities)	**–**	(66)
Amount due for settlement after 12 months	**–**	–

The average interest rates for the year ended 31 March were as follows:

	Note	**2022**	2021
Bank borrowings		**N/A**	7%
Loan from former substantial shareholder	*(i)*	**N/A**	5%

Note:

(i) The loan from former substantial shareholder, Pioneer Investment Limited, was 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 39(a)).

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For the year ended 31 March 2022

34. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 1 year	**4,303**	6,493	**4,028**	6,261
Between 1 and 2 years	**4,348**	2,794	**3,934**	2,689
	8,651	9,287		
Less: Future finance charges	**(689)**	(337)		
Present value of lease payments	**7,962**	8,950	**7,962**	8,950
Less: Amount within 12 months (shown under current liabilities)			**(4,028)**	(6,261)
Amount receivable after 12 months			**3,934**	2,689

The incremental borrowing rate applied to the lease liabilities was 4.01% (2021: 4.01%)

35. DEFERRED TAX

The movements in deferred tax liabilities are as follows:

	Depreciation allowances in excess of the related depreciation	**Total**
	HK$'000	HK$'000
At 1 April 2020	1,507	1,507
Credit to profit or loss for the year	(1,507)	(1,507)
At 31 March 2021, 1 April 2021 and 31 March 2022	–	–

As at 31 March 2022, the Group has unused tax losses of approximately HK$30,844,000 (2021: HK$60,342,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$Nil (2021: HK$36,995,000) that will expire 5 years after the year in which the tax losses were incurred. Other losses may be carried forward indefinitely.

36. SHARE CAPITAL

	Notes	Number of shares	Amount HK$'000
Authorised:			
Ordinary shares of HK$0.01 each			
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022		2,000,000,000	20,000
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
At 1 April 2020		977,760,000	9,778
Shares issued in share subscriptions arrangement	*(i)*	109,726,000	1,097
At 31 March 2021 and 1 April 2021		1,087,486,000	10,875
Shares issued in share subscriptions arrangement	*(ii)*	7,902,000	79
At 31 March 2022		1,095,388,000	10,954

Notes:

(i) 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.

(ii) 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 45,490,000 new ordinary shares of HK$0.01 each at a price of HK$5.80 per share to the independent subscribers. During the year ended 31 March 2022, the Group issued 7,902,000 shares to the independent subscribers. Details of the share subscription were contained in the Company's announcements dated 26 April 2021 and 30 April 2021.

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

37. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Company

	Share premium HK$'000	Special reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2020	852,297	93,580	(394,342)	551,535
Loss for the year	–	–	(40,005)	(40,005)
Issue of shares	251,272	–	–	251,272
At 31 March 2021 and 1 April 2021	1,103,569	93,580	(434,347)	762,802
Loss for the year	–	–	(245,480)	(245,480)
Issue of shares	45,753	–	–	45,753
At 31 March 2022	1,149,322	93,580	(679,827)	563,075

(c) Nature and purpose of reserves

(i) Share premium account

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

38. 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.

38. SHARE OPTION SCHEME (CONTINUED)

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 2022 and 2021.

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Disposal of subsidiaries

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:

Net assets at the date of disposal were as follows:

	HK$'000
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 received	–
Cash and cash equivalents disposed of	(5,827)
	(5,827)

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(a) Disposal of subsidiaries (Continued)

On 22 October 2021, the Group entered into a sale and purchase agreement to dispose of the entire equity interest in Stand East Group and Hua Yao Group at a total consideration of HK$180,000,000. The Stand East Group and Hua Yao Group represented the whole NEV and Logistics and finance leasing services segment of the Group upon the completion of the disposal, the Group's NEV and Logistics and finance leasing services would be discontinued. The disposal was completed on 4 November 2021, the date on which the control of Stand East Group and Hua Yao Group was passed to the acquirer.

On 15 December 2021, the Group entered into a sale and purchase agreement to dispose of the entire equity interest in Newport UK at a total consideration of HK$11,000,000. Newport UK represented the whole remittances and foreign currency exchange services segment of the Group upon completion of the disposal, the Group's segment on remittances and foreign currency exchange services would be discontinued. The disposal was completed on 17 December 2021, the date on which the control of Newport UK was passed to the acquirer.

On 28 February 2022, the Group through its direct wholly-owned subsidiary, Kingdom Honour Holdings Limited, entered into a disposal agreement with an independent third party in relation to the disposal of entire equity interest in Hartman Group at a total consideration of approximately HK$638,000. Upon the completion of the disposal, the Group's segment on real estate development would be discontinued. The disposal was completed on 28 February 2022, the date on which the control of Hartman Group was passed to the acquirer.

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(a) Disposal of subsidiaries (Continued)

The net assets/(liabilities) as at the date of disposal were as follows:

	4 November 2021	17 December 2021	28 February 2022	
	NEV and Logistics and finance leasing services	Remittances and foreign currency exchange services	Real estate development	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment	17,548	30	217	17,795
Right-of-use assets	9,926	125	–	10,051
Goodwill	20,112	–	–	20,112
Finance lease receivables	108,151	–	–	108,151
Investment in an associate	11,717	–	–	11,717
Inventories	19,606	–	–	19,606
Trade and other receivables	50,261	16,552	451	67,264
Amount due from a non-controlling shareholder of a subsidiary	25,533	–	–	25,533
Cash and cash equivalent	6,780	2,194	321	9,295
Trade and other payables	(28,809)	(5,756)	(8,869)	(43,434)
Lease liabilities	(5,112)	(132)	–	(5,244)
Current income tax liabilities	–	(544)	–	(544)
Other receivables	27,857	–	–	27,857
Net assets/(liabilities) of subsidiaries	263,570	12,469	(7,880)	268,159
Consideration less transaction costs	179,188	11,000	638	190,826
Carrying amount of net assets/(liabilities) sold	(263,570)	(12,469)	7,880	(268,159)
Reclassification of foreign currency translation reserve	15,946	(633)	(121)	15,192
Release of other reserves	–	–	(338)	(338)
Derecognition of non-controlling interest	13,923	–	–	13,923
(Loss)/gain on disposal of subsidiaries	(54,513)	(2,102)	8,059	(48,556)
Consideration less transaction costs	179,188	11,000	638	190,826
Cash and bank balances	(6,780)	(2,194)	(321)	(9,295)
Net cash inflow from disposal of subsidiaries	172,408	8,806	317	181,531

39. NOTES TO THE 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 director HK$'000	Total liabilities from financing activities HK$'000
At 1 April 2020	23,016	–	126,370	30,000	1	179,387
Change in cash flows	(16,762)	43	–	10,127	–	(6,592)
Non-cash changes						
– Interest expense	967	21	5,069	–	–	6,057
– Lease 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 and 1 April 2021	8,950	66	–	–	1	9,017
Change in cash flows	(9,109)	(66)	–	–	(1)	(9,176)
Non-cash changes						
– Interest expense	584	–	–	–	–	584
– Lease modification	12,712	–	–	–	–	12,712
– Disposal of subsidiaries	(5,244)	–	–	–	–	(5,244)
– Foreign exchange movement	69	–	–	–	–	69
At 31 March 2022	**7,962**	**–**	**–**	**–**	**–**	**7,962**

40. CONTINGENT LIABILITIES

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

41. LEASE COMMITMENTS

Undiscounted minimum lease payments receivable on leases are as follows:

	2022	2021
	HK$'000	HK$'000
Within 1 year	–	4,304
In more than 1 year but not more than 2 years	–	631
In more than 2 years but not more than 5 years	–	40
	–	4,975

In 2021, Stand East Group was 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. On 4 November 2021, Stand East Group has been disposed by the Group and details are set out in Note 15.

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 transaction with related parties during the year.

(i) During the year ended 31 March 2021, rental income in the aggregate of approximately HK$1,470,000 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 Chapter 14A of the Listing Rules but are fully exempted and not subject to any of disclosure requirements thereunder.

(ii) As stated in Note 39(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 12.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2022 **HK$'000**	2021 HK$'000
NON-CURRENT ASSET		
Property, plant and equipment	**304**	468
Right-of-use assets	**7,082**	352
Investment in subsidiaries	**–**	92,082
Amounts due from subsidiaries	**564,846**	681,541
	572,232	774,443
CURRENT ASSETS		
Deposits, prepayments and other receivables	**2,505**	4,162
Bank and cash balances	**11,472**	1,289
	13,977	5,451
CURRENT LIABILITIES		
Trade and other payables	**1,619**	2,580
Amount due to a director	**–**	1
Amounts due to subsidiaries	**–**	1
Tax payable	**3,267**	3,267
Lease liabilities	**3,360**	368
	8,246	6,217
NET CURRENT ASSETS/(LIABILITIES)	**5,731**	(766)
NON-CURRENT LIABILITIES		
Lease liabilities	**3,934**	–
NET ASSETS	**574,029**	773,677
EQUITY		
Share capital	**10,954**	10,875
Reserves	**563,075**	762,802
TOTAL EQUITY	**574,029**	773,677

44. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 June 2022.

FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)			
		(Note (a))			
CONTINUING OPERATIONS					
Revenue	**344,173**	67,323	518,631	420,867	428,694
(Loss)/profit before taxation	**(18,325)**	92,604	(237,534)	(106,197)	39,924
Income tax expense	**(4,384)**	(1,885)	(8,420)	(998)	(7,898)
(Loss)/profit for the year from:					
– Continuing operations	**(22,709)**	90,719	–	–	–
– Discontinued operations	**(136,470)**	(237,394)	–	–	–
Net (loss)/profit for the year	**(159,179)**	(146,675)	(245,954)	(107,195)	32,026
Attributable to:					
Owners of the Company	**(158,283)**	(136,062)	(247,043)	(106,092)	32,026
Non-controlling interests	**(896)**	(10,613)	1,089	(1,103)	–
	(159,179)	(146,675)	(245,954)	(107,195)	32,026

	At 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**703,226**	874,654	916,108	1,490,131	470,362
Total liabilities	**(119,924)**	(58,760)	(237,613)	(736,596)	(239,777)
	583,302	815,894	678,495	753,535	230,585
Attributable to owners of the Company	**583,302**	801,374	655,690	730,063	230,585
Non-controlling interests	**–**	14,520	22,805	23,472	–
	583,302	815,894	678,495	753,535	230,585

Note:

(a) The disposals of Stand East Group, Hua Yao Group, Newport UK and Hartman Group (together as the "**Disposal Groups**") were completed during the year ended 31 March 2022 as set out in Note 15 of the Notes to the Consolidated Financial Statements. The financial results of the Disposal Groups were presented as "Profit/(loss) for the year from discontinued operations" on a net basis. Comparative figures for the year ended 31 March 2021 have been restated accordingly. The financial results prior to 2021 have not been restated for discontinued operations.