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CHONG KIN
創建集團(控股)有限公司

CHONG KIN GROUP HOLDINGS LIMITED
創 建 集 團（控 股）有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1609)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

The board (the "**Board**") of directors (the "**Directors**") of Chong Kin Group Holdings Limited (the "**Company**") is pleased to present the audited consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2021 (the "**Year**") together with the comparative figures for the year ended 31 March 2020 (the "**Corresponding Year**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	3	**133,434**	518,631
Cost of sales		**(141,440)**	(474,564)
Gross (loss)/profit		**(8,006)**	44,067
Other income	4	**80,422**	35,026
Fair value gain on contingent consideration receivable	11	–	53,059
Gain on derecognition of contingent consideration receivable	11	**13,451**	–
Gain on disposal of a subsidiary	22	**67,560**	32
Impairment loss on goodwill	10	**(119,459)**	(254,565)
Impairment loss under expected credit loss model, net of reversal		**(93,642)**	(394)
Impairment loss on investment in an associate		**(1,131)**	–
Written off of prepayments and other receivables		**(4,216)**	–
Share of result of an associate		**(220)**	–
Selling and distribution expenses		**(2,300)**	(6,489)
Administrative and other operating expenses		**(73,982)**	(87,304)
Operating loss		**(141,523)**	(216,568)
Finance costs	5	**(6,057)**	(20,966)
Loss before income tax	6	**(147,580)**	(237,534)
Income tax credit/(expense)	7	**905**	(8,420)
Loss for the year		**(146,675)**	(245,954)
Loss for the year attributable to:			
Equity shareholders of the Company		**(136,062)**	(247,043)
Non-controlling interests		**(10,613)**	1,089
		(146,675)	(245,954)
Loss per share			
Basic and diluted loss per share	8	**HK cents (13.44)**	HK cents (25.77)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2021

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**19,685**	53,004
Properties under development		**183,020**	–
Right-of-use assets		**12,246**	21,241
Goodwill	*10*	**20,112**	132,525
Finance lease receivables	*12*	**29,935**	95,025
Contingent consideration receivable	*11*	–	67,454
Investment in an associate		**11,628**	12,008
Other deposits		–	3,811
		276,626	385,068
CURRENT ASSETS			
Inventories		**28,219**	45,273
Financial assets at fair value through profit or loss		**3,166**	24,066
Finance lease receivables	*12*	**95,449**	78,688
Loan and interest receivables	*13*	**120,000**	67,474
Trade and other receivables	*14*	**76,146**	109,171
Amount due from a non-controlling shareholder of a subsidiary	*18*	**25,524**	24,932
Other receivable from profit guarantee arrangement	*11*	**101,973**	–
Contract assets	*15*	–	111,868
Contingent consideration receivable	*11*	–	21,068
Current income tax recoverable		**2**	1,322
Cash and bank balances		**147,549**	47,178
		598,028	531,040
CURRENT LIABILITIES			
Trade and other payables	*16*	**45,881**	55,663
Amount due to a former director	*17*	–	30,000
Amount due to a director	*18*	**1**	1
Contract liabilities	*15*	–	811
Borrowings	*19*	**66**	126,370
Lease liabilities		**6,261**	16,838
Current income tax liabilities		**3,862**	245
		56,071	229,928
NET CURRENT ASSETS		**541,957**	301,112

	Notes	**2021**	2020
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**2,689**	6,178
Deferred tax liabilities		**–**	1,507
		2,689	7,685
NET ASSETS		**815,894**	678,495
Capital and reserves			
Share capital	*20*	**10,875**	9,778
Reserves		**790,499**	645,912
Equity attributable to equity shareholders of the Company		**801,374**	655,690
Non-controlling interests		**14,520**	22,805
TOTAL EQUITY		**815,894**	678,495

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 31 May 2016 as an exempted company with limited liability and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 17 October 2016. The address of the registered office of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business of the Company is Suite 6808, 68th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the provision of concrete placing services and other ancillary services (the "**Concrete Placing**") in Hong Kong, sales of new energy vehicles, and provision of logistics related services and car leasing services (the "**NEV and Logistics**") and provision of finance leasing services in Mainland China, provision of remittances and foreign currency exchange services in the United Kingdom and provision of loan finance in Hong Kong and real estate development in Grenada. Its parent and ultimate holding company is Prestige Rich Holdings Limited ("**Prestige Rich**"), a company incorporated in the British Virgin Islands ("**BVI**"). Mr. Zhang Jinbing is the owner and sole director of Prestige Rich. As at 31 March 2021, the directors consider the ultimate controlling shareholder of the Company to be Mr. Zhang Jinbing, who is the chairman of the Company.

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2021.

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

Amendments to HKFRS 3 *Reference to the Conceptual Framework*

The amendments:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

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

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

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

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

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

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

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

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

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

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

The annual improvements make amendments to the following standards.

HKFRS 9 Financial Instruments

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

HKFRS 16 Leases

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

HKAS 41 Agriculture

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

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

3. REVENUE AND SEGMENT INFORMATION

Revenue

(i) Analysis of revenue

	2021	2020
	HK$'000	*HK$'000*
Total revenue recognised during the year:		
Concrete placing services and other ancillary services	**62,189**	127,298
Sales of new energy vehicles	**38,025**	214,229
Provision of logistics related services	**14,877**	42,404
Car leasing revenue	**8,882**	30,141
Finance lease income	**166**	92,216
Loan interest income	**5,134**	–
Remittances and foreign currency exchange services	**4,161**	12,343
	133,434	518,631

	2021	2020
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Concrete placing services and other ancillary services	**62,189**	127,298
Sales of new energy vehicles	**38,025**	214,229
Provision of logistics related services	**14,877**	42,404
Remittances and foreign currency exchange services	**4,161**	12,343
	119,252	396,274
Timing of revenue recognition		
Point in time basis	**57,063**	268,976
Over time basis	**62,189**	127,298
	119,252	396,274

	2021	2020
	HK$'000	*HK$'000*
Revenue from other sources		
Loan interest income	**5,134**	–
Car leasing revenue	**8,882**	30,141
Finance lease income	**166**	92,216
	14,182	122,357

(ii) Performance obligations for contracts with customers

Construction contracts – Concrete placing and other ancillary services income

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Sales of new energy vehicles

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

Provision for logistics related services

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

Remittance and foreign currency exchange services

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

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

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

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

Segment information

Information reported to the chief executive of the Company, being the chief operating decision maker ("**CODM**") of the Group, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered or services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

For the year ended 31 March 2021, the Group commenced the business engaging real estate development in Grenada, and it is considered as a new operating and reportable segment by the CODM. Besides, the Group commenced provision of loan finance service in Hong Kong. The CODM considered remittance and foreign currency exchange services in United Kingdom and provision of loan finance in Hong Kong are belonged to the Group's financial services sector. Therefore, the Group's operating and reportable segments were: (i) Concrete Placing in Hong Kong; (ii) NEV and Logistics and finance leasing services in Mainland China; (iii) remittance and foreign currency exchange services in United Kingdom and provision of loan finance in Hong Kong; and (iv) Real estate development in Grenada. The CODM considered the Group had four 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 2020, the Group's operating and reportable segments were: (i) Concrete Placing in Hong Kong; (ii) NEV and Logistics and finance leasing services in Mainland China; and (iii) remittance and foreign currency exchange services in United Kingdom. The CODM considered the Group had three operating and reportable segments which were based on the internal organisation and reporting structure. This was the basis upon which the Group was organised.

(i) Segment revenue and results

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

	Concrete Placing *HK$'000*	NEV and Logistics and finance leasing services *HK$'000*	Remittances and foreign currency exchange services and money lending *HK$'000*	Real estate development *HK$'000*	Total *HK$'000*
For the year ended 31 March 2021					
Segment revenue	**62,189**	**61,950**	**9,295**	**–**	**133,434**
Segment profit/(loss)	**(22,686)**	**(115,039)**	**7,961**	**–**	**(129,764)**
Unallocated income					**80,017**
Unallocated expenses					**(105,227)**
Gain on derecognition of contingent consideration receivable					**13,451**
Finance costs					**(6,057)**
Loss before taxation					**(147,580)**
For the year ended 31 March 2020					
Segment revenue	127,298	378,990	12,343	–	518,631
Segment profit/(loss)	(27,471)	(201,778)	12,261	–	(216,988)
Unallocated income					16,860
Unallocated expenses					(69,499)
Fair value gain on contingent consideration receivable					53,059
Finance costs					(20,966)
Loss before taxation					(237,534)

Segment profit/(loss) represents the profit/(loss) earned/(incurred) by each segment without allocation of certain administrative and other operating expenses, other income, fair value gain on contingent consideration receivable, fair value gain on derecognition of contingent consideration receivable, 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.

(ii) Segment assets and liabilities

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

Segment assets

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

Segment liabilities

	2021	2020
	HK$'000	*HK$'000*
Concrete Placing	**–**	42,574
NEV and Logistics and finance leasing services	**50,056**	57,757
Remittances and foreign currency exchange services	**2,487**	1,007
Total segment liabilities	**52,543**	101,338
Other payables and accruals	**2,581**	131,005
Lease liabilities	**368**	5,270
Amount due to a director	**1**	–
Tax payable	**3,267**	–
Consolidated liabilities	**58,760**	237,613

(iii) Other segment information

	Concrete Placing *HK$'000*	NEV and Logistics and finance leasing services *HK$'000*	Remittances and foreign currency exchange services and money lending *HK$'000*	Real estate development *HK$'000*	Total *HK$'000*
For the year ended 31 March 2021					
Additions to non-current assets	**–**	**8,105**	**–**	**31**	**8,136**
Depreciation of property, plant and equipment	**(3,977)**	**(6,622)**	**(184)**	**(2)**	**(10,785)**
Gain/(loss) on disposal of property, plant and equipment	**3,120**	**(3,525)**	**–**	**–**	**(405)**
Impairment loss on goodwill	**–**	**(119,459)**	**–**	**–**	**(119,549)**
Interest income	**60**	**2,840**	**–**	**–**	**2,900**
Interest expense	**(5,076)**	**(869)**	**(17)**	**–**	**(5,962)**
Income tax (expense)/credit	**(96)**	**3,088**	**(311)**	**–**	**2,681**
For the year ended 31 March 2020					
Additions to non-current assets	1,208	46,237	94	–	47,539
Depreciation of property, plant and equipment	(11,808)	(12,980)	(45)	–	(24,833)
Gain on disposal of property, plant and equipment	3	18,163	–	–	18,166
Loss on written off of property, plant and equipment	–	(587)	–	–	(587)
Impairment loss on goodwill	–	(254,565)	–	–	(254,565)
Interest income	81	6,624	–	–	6,705
Interest expense	(39)	(14,342)	(3)	–	(14,384)
Income tax expense	(2,173)	(5,961)	(264)	–	(8,398)

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

(iv) Geographical information

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

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

Revenue from external customers

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

Non-current assets by geographical location

	2021	2020
	HK$'000	*HK$'000*
United Kingdom	**168**	318
PRC	**71,411**	198,501
Hong Kong	**1,065**	23,770
Grenada	**183,049**	–
	255,693	222,589

(v) Information about major customers

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

	2021	2020
	HK$'000	*HK$'000*
Customer A (Revenue generated from concrete placing segment)	**38,553**	–[1]

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

4. OTHER INCOME

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

Note: During the year ended 31 March 2021, the Group recognised government grants of approximately HK$9,250,000 in respect of COVID-19-related subsidies, of which approximately HK$8,481,000 relates to Employment Support Scheme provided by the Hong Kong government. There are no unfulfilled conditions or contingencies relating to these grants.

5. FINANCE COSTS

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

6. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	2021	2020
	HK$'000	*HK$'000*
Auditors' remuneration	**2,327**	1,931
Cost of inventories recognised as an expense	**43,993**	321,425
Depreciation of property, plant and equipment		
– included in cost of sales	**5,902**	20,937
– included in selling and distribution expenses	**47**	69
– included in administrative and other operating expenses	**5,816**	3,827
Depreciation of right-of-use assets		
– included in cost of sales	**2,341**	2,973
– included in administrative and other operating expenses	**7,047**	8,362
Staff costs (including directors' emoluments)	**88,645**	145,063

7. INCOME TAX (CREDIT)/EXPENSE

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

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

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for both years.

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

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

8. LOSS PER SHARE

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

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

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

9. DIVIDENDS

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

10. GOODWILL

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

Impairment test

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

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

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

Key assumptions used in the calculation of value-in-use were discount rate, growth rate, budgeted revenue, budgeted net profit margin and budget capital expenditures ("**CAPEX**"). The pre-tax discount rate applied to the cash flow projection is 25% (2020: 32.8%). The CGU's cash flows beyond the 5-year period are extrapolated using a steady 3.0% (2020: 2.6%) growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

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

The directors of the Company expected that the revenue from road freight service will become the major revenue stream of the CGU during the cash flow projection period. The CGU is planned to provide road freight service for customers on designated routes. The revenue was projected on the basis of the number of new energy vehicles ("**NEV**") times the daily revenue earnable by each NEV. The number of NEV for providing road freight service is estimated by reference to the most updated operation data and the transportation capacity of the CGU. The daily revenue earnable by each NEV is based on the actual operational data of road freight service in the financial year 2021 (2020: financial year 2020). The operational data was sourced from main operational units of the CGU in the PRC.

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

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

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

Based on the valuation report prepared by independent professional valuers, Vision Appraisal and Consulting Limited ("**Vision Appraisal**"), the recoverable amount of the CGU is approximately HK$49,907,000 (2020: HK$198,130,000), and an impairment loss of approximately HK$119,459,000 (2020: HK$254,565,000) was recognised for the Year.

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

For the year ended 31 March 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 facing downward pressure. The business is also affected by macroeconomic performance that is affecting the domestic economy by creating challenges such as structural adjustments and increase 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.

11. CONTINGENT CONSIDERATION RECEIVABLE/OTHER RECEIVABLE FROM PROFIT GUARANTEE ARRANGEMENT

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

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

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

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

The contingent consideration receivable represented the fair value of the profit guarantees in accordance with the share purchase agreement for the acquisition of Stand East Group, which was estimated by Vision Appraisal. As at 31 March 2020, the fair value of the contingent consideration receivable was estimated by applying income approach on the estimated profits of Zhong Jun for the years ended 31 December 2020 and 2021.

The NEV and Logistics business operated by Zhong Jun incurred loss for the financial year 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. Therefore, during the current financial year ended 31 March 2021, the Group derecognised the contingent consideration receivable of carrying amount of HK$88,522,000 and recognised a receivable from profit guarantee arrangement of 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 payable to the Former Owner but held under the escrow account. The difference of HK$13,451,000 was recognised in profit or loss of the Group for the year ended 31 March 2021.

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

The fair value of contingent consideration receivable was a level 3 recurring fair value measurement.

12. FINANCE LEASE RECEIVABLES

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

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

	Minimum lease payments		**Present value of minimum lease payments**	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Finance lease receivables comprise:				
Within one year	**152,332**	87,599	**132,754**	78,688
In more than one year but not more than two years	**31,970**	74,787	**31,258**	68,270
In more than two years but not more than five years	**16,146**	29,260	**15,998**	26,755
	200,448	191,646	**180,010**	173,713
Less: allowance for credit loss	**(54,626)**	–	**(54,626)**	–
Less: Unearned finance income	**(20,438)**	(17,933)	**N/A**	N/A
Present value of minimum lease payment receivables	**125,384**	173,713	**125,384**	173,713

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

(c) Finance lease receivables are denominated in RMB.

13. LOAN AND INTEREST RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Loan receivables	**120,000**	66,138
Interest receivables	**–**	1,336
	120,000	67,474

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

Notes:

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

The Company appointed joint and several receivers over the substantial assets of the borrower in April 2018 in view of the occurrence of an event of default on the part of the borrower. Pursuant to the said legal charge, the joint and several receivers subsequently sold the substantial assets to recover the loan receivable. The Company has taken legal action against the borrower for recovering the remaining loan receivable and obtained orders for sale at the High Court in Hong Kong over other assets of the borrowers. During the year ended 31 March 2021, the loan receivable has been fully settled from the orders.

(ii) Pursuant to the loan agreement made on 8 November 2019 between the Company and the borrower, the loan principal of HK$60 million bears interest at a rate of 6% per annum, is unsecured and has a term of 6 months from the date of the said loan agreement. The loan was partially settled during the year ended 31 March 2020. A supplemental agreement was made to extend the repayment date of the remaining loan balance to 30 September 2020.

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

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

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

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

14. TRADE AND OTHER RECEIVABLES

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

Note:

(a) Trade receivables are past due when a counterparty has failed to make a payment when contractually due. Credit terms granted to customers vary from contract to contract. The credit period granted to customers is 0 to 30 days (2020: 0 to 30 days) from payment application date generally.

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

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

15. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets

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

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

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

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

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

Construction contracts – Concrete placing and other ancillary services

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

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

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

Contract liabilities

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

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

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

Movements in contract liabilities

	2021	2020
	HK$'000	*HK$'000*
Balance at 1 April	**811**	1,561
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	**(850)**	(998)
Increase in contract liabilities as a result of billing in advance of sales of energy vehicles and provision for logistic related services	**–**	331
Effect of foreign currency exchange different	**39**	(83)
	–	811

16. TRADE AND OTHER PAYABLES

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

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

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

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

17. AMOUNT DUE TO A FORMER DIRECTOR

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

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

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

19. BORROWINGS

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

Note:

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

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

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

	2021	2020
	HK$'000	*HK$'000*
RMB	**66**	–

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

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

(d) The loan from former substantial shareholder, Pioneer Investment Limited, is unsecured, bears interest at a rate of 5% per annum and repayable on demand.

20. SHARE CAPITAL

	Number of ordinary shares	Amount *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2019, 31 March 2020 and 31 March 2021	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2019	917,760,000	9,178
Issue of shares to controlling shareholder *(Note i)*	60,000,000	600
At 31 March 2020	977,760,000	9,778
Shares issued in share subscriptions arrangement *(Note ii)*	109,726,000	1,097
At 31 March 2021	1,087,486,000	10,875

Notes:

(i) On 26 July 2019, pursuant to a subscription agreement dated 15 April 2019 between the Company and Prestige, a controlling shareholder of the Company, the Company issued 60,000,000 new ordinary shares of HK$0.01 each at a price of HK$3.50 per share. Details of the share subscription were contained in the Company's announcement dated 15 April 2019 and 26 July 2019, and the Company's circular dated 31 May 2019.

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

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

21. CONTINGENT LIABILITIES

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

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

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

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

22. DISPOSAL OF SUBSIDIARIES

a. During the year ended 31 March 2021

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

	HK$'000
Net assets disposed of:	
Property, plant and equipment	3,904
Right-of-use assets	207
Trade and other receivables	121,266
Contract assets	93,105
Cash and bank balances	5,827
Trade and other payables	(178,439)
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 inflow arising on disposal:	
Cash consideration	–
Less: cash and bank balances disposed of	(5,827)
	(5,827)

b. During the year ended 31 March 2020

On 24 December 2019, Zhong Jun, an indirect subsidiary owned as to 90% by the Company, disposed of the right to acquire 68% of the equity interest in a subsidiary, Henan Pingchuang to an independent third party at a consideration of RMB1. Upon completion of the disposal, the Company's effective interest in Henan Pingchuang reduced from 81% to 19.8% and that Henan Pingchuang is regarded as an associate of the Group as Zhong Jun's retained interest in Henan Pingchuang was 22%. For details, please refer to the Company's announcement dated 30 December 2019.

Henan Pingchuang is principally engaged in the business of assembling lithium-ion battery modules and parts, and distribution of relevant products. The subsidiary disposed of had no significant impact on the turnover and results of the Group. The net assets of Henan Pingchuang as at the date of disposal were as follows:

	HK$'000
Net assets disposed of	
Property, plant and equipment	8,126
Trade and other receivables	6,498
Inventories	137,452
Cash and bank balances	171
Trade and other payables	(138,624)
	13,623
Transfer to investment in an associate	(12,293)
Release of translation reserve	5
Release of non-controlling interest	(1,367)
Gain on disposal of a subsidiary	32
Total consideration satisfied by:	
Cash consideration received	–
Net cash outflow arising on disposal	(171)

23. EVENTS AFTER THE REPORTING PERIOD

(a) Subscription of new shares under general mandate

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

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

(b) Decision of the Stock Exchange

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

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

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

(c) Updates on the concrete placing and other business

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The operating and financial performance of the Group were adversely impacted by the continued decline of global and local activities, and the weakening of local construction and infrastructure market, these factors burdened on the normal operations of the Group. Starting from early 2021, the Group began to adopt a streamlined business model for provision of concrete placing work and to maintain both equipment and manpower in that segment minimal as a cost-saving measure. The NEV and Logistics business in the Mainland China is facing downward pressure caused by macroeconomic performance that is affecting the domestic economy by creating challenges such as structural adjustments and increase in costs. The Group therefore decided not to further purchase NEVs for sales purpose in considering the impact of COVID-19 Outbreak and the change in government financial support policies of NEVs in the Mainland China.

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

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

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

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

MATERIAL ACQUISITIONS AND DISPOSALS

Acquisition of land in the State of Grenada

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

Saved as above disclosed and in note 22 to the consolidated financial statement in relation to the disposal of the Disposal Group, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2021.

FINANCIAL REVIEW

Revenue

For the Year, the Group recorded revenue from operations of approximately HK$133.4 million, compared to that of approximately HK$518.6 million for the Corresponding Year, representing a significant decrease of 74.3%. The significant decrease in revenue was mainly due to (i) decrease in revenue from Concrete Placing business in Hong Kong and (ii) decrease in revenue from NEV and Logistics and finance leasing business for the Year.

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

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

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

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

Other Income

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

Impairment Loss on Goodwill

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

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

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

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

The impairment loss on goodwill assessed by the independent external valuer for the Year is approximately HK$119.5 million (2020: approximately HK$254.6 million). Factors that affected the impairment assessment for the Year is set out above, further details of the impairment loss on goodwill are set out in Note 10 to the consolidated financial statements.

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

According to the consolidated financial statement of Zhong Jun for the financial year ended 31 December 2020, significant loss has incurred and has not met the minimum profit guarantee of HK$20 million for 2020, the unsatisfactory performance mainly attributable to the impact brought by the COVID-19 Outbreak. If the profit guarantee is not met at all or partially, the Company will not release all the consideration shares, which are now subject to escrow arrangement, to the Vendors and the Investors, unless the Company is compensated according to the formula as set out above. Further details of the fair value gain on contingent consideration receivable and gain on derecognition of contingent consideration receivable are set out in Note 11 to the consolidated financial statements.

Impairment losses Under Expected Credit Loss Expenses, net of reversal

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

Selling and Distribution Expenses

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

Administrative and Other Operating Expenses

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

Finance Costs

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

Income Tax Credit/(Expense)

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

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

Loss for the Year

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

Final Dividend

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

FINANCIAL CONDITIONS ANALYSIS

Property, Plant and Equipment

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

Properties Under Development

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

Finance Lease Receivables

As at 31 March 2021, the finance lease receivables amounted to approximately HK$125.4 million (2020: approximately HK$173.7 million). The Group granted customers from the NEV and Logistics and finance leasing segment of payment by way of instalment over a term of 24 to 48 months.

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

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

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

Other Receivable from Profit Guarantee Arrangement

As at 31 March 2021, the other receivable from profit guarantee arrangement amounted to approximately HK$102.0 million (2020: Nil), further details of the other receivable from profit guarantee arrangement is set out in Note 11 to the consolidated financial statements.

Inventories

As at 31 March 2021, the inventories amounted to approximately HK$28.0 million (2020: approximately HK$45.3 million), consisting mainly of new energy vehicles for sales purpose. The decrease in inventories was due to the promotion of sales during the Year.

Trade and Other Receivables

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

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

Overview of Assets and Liabilities

As at 31 March 2021, the total assets of the Group were approximately HK$874.6 million, representing a decrease of 4.5% as compared to approximately HK$916.1 million as at 31 March 2020. The total current assets were approximately HK$598.0 million, representing 68.4% (2020: 58.0%) of the total assets.

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

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

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

GEARING RATIO

Gearing ratio is calculated by dividing all interest-bearing debts by total equity at the year end date and expressed as a percentage, interest-bearing debts are defined to include payables not incurred in the ordinary course of business. The gearing ratio of the Group as at 31 March 2021 was 1.1% (2020: 22%).

CAPITAL MANAGEMENT

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

CAPITAL EXPENDITURE

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

COMMITMENTS

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

FOREIGN EXCHANGE RISK

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

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

LEGAL PROCEEDINGS

Save as disclosed in note 21 to the consolidated financial statement, and that there are small claims and legal proceedings for or against several subsidiaries of the Company in relation to the ordinary course of its business, the relevant amounts are duly considered and the Group does not expect that the outcome in these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, the Group did not have any significant legal proceedings.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2021, the Group had a staff roster of 75 members (2020: 350). The related staff costs (including directors' emoluments) for the Year amounted to approximately HK$88.7 million (2020: approximately HK$145.1 million), the decrease in staff costs were mainly due to the reduce in the number of staffs in considering the impact brought by the COVID-19 Outbreak and disposal of the Disposal Group for the Year. Remuneration of employee is determined according to individual employee's performance and the prevailing trends in different areas and reviewed on an annual basis. The Group also contributes to the Mandatory Provident Fund and provides medical insurance to its employees. In addition, discretionary performance bonus is available at the discretion of the Directors. The emoluments of the Directors and senior management have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results and individual performance and subject to the approval by the Board.

CONTINGENT LIABILITIES

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

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 23 of the audited consolidated financial results of the Group for the year ended 31 March 2021, there are no other events after the reporting period of the Group.

SIGNIFICANT INVESTMENTS

Save for the acquisition of land in Grenada, the Group did not hold any significant investments during the Year.

PROFIT GUARANTEE

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

According to the consolidated financial statement of Zhong Jun, the operating subsidiary of Stand East, for the financial year ended 31 December 2020 and subject to audit, it has not met the minimum profit guarantee. Further details of the profit guarantee is set out in Note 11 to the consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity for the Year and capital requirements primarily through capital contributions from shareholders, bank and other borrowings, cash inflows from operating activities and proceeds received from the issue of new shares under general mandate.

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

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

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

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

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2021.

CORPORATE GOVERNANCE CODE

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. The Company has adopted the code provisions set out in the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules as its code of corporate governance. For the Year, the Board is of the view that the Company has complied with all code provisions set out in the CG Code save and except for code provisions A.2.1:

Code provision A.2.1 of the CG Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company appointed Mr. Zhang Jinbing as both the Chairman and the Chief Executive Officer of the Company until 17 January 2021. On 18 January 2021, the Company appointed Mr. Ma Chao as Chief Executive Officer and Co-Chairman of the Company and that Mr. Zhang Jinbing remains responsible for carrying out duties of a chairman prescribed under the articles of association of the Company and the Corporate Governance Code in Appendix 14 of the Listing Rules. Since then, the Company has been in full compliance with the CG Code including code provisions A.2.1.

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.

AUDIT COMMITTEE

The Company established an Audit Committee on 27 September 2016 in accordance with Rule 3.21 of the Listing Rules with terms of reference aligned with the provision of the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Tam Ping Kuen, Daniel, Dr. Li Yifei, Mr. Yan Haiting (until 18 June 2021) and Ms. Chen Weijie (from 18 June 2021 onwards). Currently, Mr. Tam Ping Kuen, Daniel is the chairperson of the Audit Committee.

REVIEW OF ANNUAL RESULTS

The Group's consolidated annual financial statements for the year have been reviewed and approved by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2021 have been agreed by the Group's auditors, KTC Partners CPA Limited, to the amounts as set out in the Group's audited consolidated financial statements for the year. The work performed by KTC Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KTC Partners CPA Limited on the preliminary announcement.

RISK MANAGEMENT AND INTERNAL CONTROL

On 3 September 2020, the Board established the risk management committee to oversee the design, implementation, and maintenance of the risk management system of the Group. For details of the "Term of Reference for the Risk Management Committee", please refer to the announcement of the Company published on 3 September 2020.

The Board is primarily responsible for (i) evaluating and determining the acceptability of the nature and extent of the risks in achieving the strategic objectives; (ii) ensuring the effective risk management and internal control systems are established and maintained; and (iii) overseeing senior management in the design, implementation and monitoring of the 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 Group endeavors to identify risks, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The risk management and internal control systems which are compatible with the Committee of Sponsoring Organisations of the Treadway Commission (COSO) — Integrated Framework 2013 principles. They are designed to manage rather than eliminate the risk of failures in order to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

As disclosed in the announcement dated 7 June 2021 and 16 June 2021 of the Company, the Company has been notified by West Lake District Branch of Hangzhou Municipal Public Security Bureau that Ms. Shang Yanling ("**Shang**"), former legal representative of Zhong Jun Kaixuan Car Leasing Company Limited ("**Zhong Jun**") and its two former employees were subject to criminal compulsory measures in around mid-January 2021 for an investigation (the "**Investigation**") relating to suspected professional embezzlement during the period of her employment from June 2018 to June 2020 (the "**Period**"). It was suspected that Shang had committed professional embezzlement in relation to certain payments in the approximate sum of RMB30 million belonged to Zhong Jun during the Period.

In order to identify any internal control issues in relation to the incidents referred to above and to comply with the code provision of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 under the Listing Rules, the Company has engaged Zhonghui Anda Risk Services Limited ("**Zhonghui**") as its internal control consultant to conduct a review of the internal control systems and procedures of the Group, and to make recommendations accordingly. The recommendations made by Zhonghui in relation to the Investigation are as follows:

(1) All payments should only be made in accordance with the procedures of the payment management system of the Group, and that application for payment has to be done by filling in payment approval form and be passed for approval by the authorising parties before arranging for payment.

(2) All reimbursement should only be made in accordance with the procedure of the payment management system of the Group and that all reimbursement applications have to be submitted by the person who applies for reimbursements and the relevant reimbursement amount shall be paid directly to the account of such person only.

As at the date of this announcement, the above recommendations by Zhonghui have been implemented by the Group.

ANNUAL GENERAL MEETING

The notice of the annual general meeting will be published in the Company's website and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.chongkin.com.hk. The annual report of the Company for the year containing all information required by the Listing Rules will be despatched to shareholders and published on above websites in due course.

By Order of the Board
Chong Kin Group Holdings Limited
Zhang Jinbing
Chairman

Hong Kong, 30 June 2021

As at the date hereof, the Board comprises four executive Directors, namely Mr. Zhang Jinbing (Chairman), Mr. Ma Chao (Co-Chairman and Chief Executive Officer), Mr. Qiu Peiyuan and Mr. Leung Chi Kwong, Joe; and three independent non-executive Directors, namely Mr. Tam Ping Kuen, Daniel, Dr. Li Yifei and Ms. Chen Weijie.