NOBLE ENGINEERING GROUP HOLDINGS LIMITED
怡 康 泰 工 程 集 團 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8445)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**Directors**") of Noble Engineering Group Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.*

FINAL RESULTS

The board of Directors (the "**Board**") of the Company hereby announces the consolidated financial results of the Group for the year ended 31 March 2020, together with the comparative figures for the year ended 31 March 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	**2020** *HK$'000*	2019 *HK$'000*
Revenue	*3*	**223,132**	364,165
Direct costs		**(221,654)**	(334,328)
Gross profit		**1,478**	29,837
Other income and gain		**499**	605
Administrative and other operating expenses		**(11,578)**	(15,969)
Finance costs	*5*	**(8)**	(18)
(Loss)/Profit before income tax	*4*	**(9,609)**	14,455
Income tax credit/(expense)	*6*	**1,237**	(2,525)
(Loss)/Profit and total comprehensive (expense)/ income for the year attributable to owners of the Company		**(8,372)**	11,930
(Loss)/Earnings per share attributable to owners of the Company			
– Basic and diluted (loss)/earnings per share	*7*	**HK$(0.01)**	HK$0.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	**2020** **HK$'000**	2019 *HK$'000*
ASSETS			
Non-current assets			
Plant and equipment		**5,519**	5,722
Right-of-use asset	*9*	**130**	–
Deferred tax assets		**889**	–
		6,538	5,722
Current assets			
Contract assets	*10*	**77,612**	58,898
Trade and other receivables	*11*	**22,475**	22,744
Bank balances		**31,636**	53,849
Current income tax recoverable		**2,095**	907
		133,818	136,398
Total assets		**140,356**	142,120
EQUITY			
Equity attributable to owners of the Company			
Capital and reserves			
Share capital	*12*	**6,000**	6,000
Reserves		**112,696**	121,068
Total equity		**118,696**	127,068

	Notes	**2020** *HK$'000*	2019 *HK$'000*
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**–**	348
		–	348
Current liabilities			
Trade and other payables	*13*	**21,528**	14,704
Lease liabilities	*9*	**132**	–
		21,660	14,704
Total liabilities		**21,660**	15,052
Total equity and liabilities		**140,356**	142,120
Net current assets		**112,158**	121,694
Total assets less current liabilities		**118,696**	127,416

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2020

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Noble Engineering Group Holdings Limited (the "**Company**") is an investment holding company. The Company and its subsidiaries (collectively referred as to the "**Group**") is principally engaged in provision of wet trades works services.

The Company was incorporated in the Cayman Islands on 12 April 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on the GEM of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 29 September 2017.

As at 31 March 2019 and 2020, its parent and ultimate holding company is Land Noble Holdings Limited ("**Land Noble**"), a company incorporated in the British Virgin Islands (the "**BVI**") and owned as to 50% by Mr. Tse Chun Yuen ("**Mr. Eric Tse**") and 50% by Mr. Tse Chun Kuen ("**Mr. CK Tse**").

The addresses of the registered office 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 Room 9, 25/F., CRE Centre, 889 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA. The consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements set out in this announcement have been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

The preparation of the consolidated financial statements in accordance with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group.

2.1.1 New and amended standards adopted by the Group

The Group has applied the following new standards and amendments for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except for the impact of adoption of HKFRS 16 "*Lease*" ("**HKFRS 16**") as explained below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Adoption of HKFRS 16

HKFRS 16 replaces HKAS 17 "*Leases*" ("**HKAS 17**"), and the related interpretations, HK(IFRIC)-Int 4 "*Determining whether an Arrangement contains a Lease*" ("**HK(IFRIC)-Int 4**"), HK(SIC)-Int 15 "*Operating Leases — Incentives*", and HK(SIC)-Int 27 "*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*". The standard sets out the principles and recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single accounting model to recognise and measure right-of-use asset and lease liabilities, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low-value assets. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective approach with the date of initial application of 1 April 2019. Under this approach, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained earnings as at 1 April 2019, and the comparative information for 2019 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application.

As a lessee — leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various premises. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use asset and lease liabilities for the lease, except for one elective exemption for lease of short-term leases. Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 April 2019, the Group recognises amortisation (and impairment, if any) of the right-of-use asset and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities as at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 April 2019. The right-of-use asset was measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease (if any) recognised in the consolidated statement of financial position as at 1 April 2019. The weighted average incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.38%.

The asset was assessed for any impairment based on HKAS 36 "*Impairment of Assets*" ("**HKAS 36**") on that date. The Group elected to present the right-of-use asset separately in the consolidated statement of financial position.

The Group has used the practical expedients of hindsight based on facts and circumstances as at 1 April 2019 in determining the lease term for the Group's leases with extension and termination options when applying HKFRS 16.

The following table reconciles the operating lease commitments as disclosed in Note 14 as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	Notes	*HK$'000*
Operating lease commitments as at 31 March 2019	*14*	**569**
Add: payments for optional extension periods not recognised as at 31 March 2019		**129**
Less: recognition exemption — short-term leases		**(427)**
		271
Less: total future interest expenses		**(11)**
Present value of remaining lease payments, discounted using the incremental borrowing rate and total lease liabilities recognised as at 1 April 2019		**260**
Analysed as		
Current		**128**
Non-current		**132**
Total lease liabilities recognised as at 1 April 2019	*9*	**260**

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position as at 1 April 2019. Line items that were not affected by the changes have not been included:

	Carrying amounts previously reported as at 31 March 2019	**Adjustments**	**Carrying amounts under HKFRS 16 as at 1 April 2019**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Right-of-use asset	–	260	260
Total non-current assets	5,722	260	5,982
Current liabilities			
Lease liabilities	–	128	128
Total current liabilities	14,704	128	14,832
Non-current liabilities			
Lease liabilities	–	132	132
Total non-current liabilities	348	132	480
Net assets	127,068	–	127,068
Equity			
Reserves	121,068	–	121,068
Total equity	127,068	–	127,068

2.1.2 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[2]
Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKAS 1	Classification of Liabilities as Current and Non-current[3]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]

[1] Effective for annual periods beginning on or after 1 January 2020.
[2] Effective for annual periods beginning on or after 1 January 2021.
[3] Effective for annual periods beginning on or after 1 January 2022.
[4] Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate the application of the above new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

2.2 Leases (applicable from 1 April 2019)

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortisation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortised on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Premises	2 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, amortisation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) *Short-term leases*

The Group applies the short-term lease recognition exemption to its short-term leases of premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

2.3 Leases (applicable before 1 April 2019)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are charged to the profit or loss on a straight-line basis over the period of the lease.

The Group leases certain plant and equipment. Leases of plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

3. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents construction contract receipts in the ordinary course of business. Revenue are recognised during the reporting period are as follows:

(a) Disaggregation of revenue from contracts with customers

	2020	2019
	HK$'000	*HK$'000*
By timing of revenue recognition:		
Control transferred over time	**223,132**	364,165

	2020	2019
	HK$'000	*HK$'000*
By type of services:		
Provision of wet trades works services	**223,132**	364,165

(b) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as at 31 March 2019 and 2020.

	2020	2019
	HK$'000	*HK$'000*
Remaining performance obligations expected to be satisfied during the year ending:		
31 March 2022	**81,306**	–
31 March 2021	**142,659**	–
31 March 2020	**–**	127,052
Total	**223,965**	127,052

(c) Information about major customers

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

	2020	2019
	HK$'000	*HK$'000*
Customer A	**149,963**[2]	273,667[2]
Customer B	**NA**[1]	42,023

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

[2] The above customer represents a collection of companies within a group.

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors regards the Group's wet trades works services business as a single operating segment and regularly reviews the operating results of the Group as a whole when making decisions about resources to be allocated and assessing its performance. Also, the Group only engages its business in Hong Kong. Therefore, all revenue of the Group is derived from operations carried out in Hong Kong and all non-current assets of the Group are located in Hong Kong. Accordingly, no segment information is presented.

4. (LOSS)/PROFIT BEFORE INCOME TAX

	Note	**2020**	2019
		HK$'000	*HK$'000*
(Loss)/Profit before taxation has been arrived at after charging:			
Auditors' remuneration		**700**	1,000
Depreciation of owned assets		**2,208**	1,409
Amortisation of right-of-use asset	*9(a)*	**130**	–
Lease payments not included in the measurement of lease liabilities	*9(c)*	**792**	–
Operating lease rental in respect of machinery and equipment		**–**	228
Operating lease rental in respect of			
– Premises		**–**	680
– Car parks		**–**	81
Provision for loss allowance on financial assets and contract assets		**83**	1,723
Subcontracting fee included in direct costs		**182,901**	268,522
Staff costs, including directors' emoluments		**15,183**	17,219

5. FINANCE COSTS

	Note	**2020**	2019
		HK$'000	*HK$'000*
Interest on bank overdrafts		**–**	18
Interest on lease liabilities	*9(b)*	**8**	–
		8	18

6. INCOME TAX CREDIT/(EXPENSE)

	2020	2019
	HK$'000	*HK$'000*
Current income tax:		
Current tax on profits for the year	–	(2,525)
Deferred income tax	**1,237**	–
	1,237	(2,525)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. The two-tiered profits tax rates regime will be applicable to a subsidiary of the Group for its annual reporting period beginning on or after 1 April 2018.

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. For the year ended 31 March 2019, Hong Kong Profits Tax of the qualified entity is calculated in accordance with the two-tiered profit tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5% of the estimated assessable profits arising in or derived from Hong Kong for the year ended 31 March 2019.

The applicable Hong Kong profits tax rate is 16.5% on the estimated assessable profits arising in or derived from Hong Kong for the year ended 31 March 2020.

7. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2020	2019
(Loss)/Profit attributable to owners of the Company *(HK$'000)*	**(8,372)**	11,930
Weighted average number of ordinary shares in issue *(thousands of shares)*	**600,000**	600,000
Basic (loss)/earnings per share	**HK$(0.01)**	HK$0.02

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in issue during the years ended 31 March 2019 and 2020.

8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2020, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

9. RIGHT-OF-USE ASSET AND LEASE LIABILITIES

The Group as a lessee

The Group leases premises for its operations. Lease contract is entered into for a fixed term of 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The carrying amounts of right-of-use asset and lease liabilities are denominated in HK$.

(a) Right-of-use asset

The carrying amounts of the Group's right-of-use asset and the movements during the year are as follows:

	Premise
	HK$'000
Carrying amount as at 1 April 2019	260
Amortisation charge	(130)
Carrying amount as at 31 March 2020	130

(b) Lease liabilities

The carrying amounts of the Group's lease liabilities and the movements during the year are as follows:

	Lease liabilities
	HK$'000
Carrying amount as at 1 April 2019	260
Accretion of interest recognised	8
Payments	(136)
Carrying amount as at 31 March 2020	132
Analysed into:	
Current portion	132
Non-current portion	–
	132

(c) *Amounts recognised in the consolidated statement of profit or loss and other comprehensive income*

	Note	**2020** *HK$'000*
Amortisation charge of right-of-use asset – Premise		130
Interest expense on lease liabilities		8
Expenses relating to short-term leases	*4*	792

The Group had total cash outflows for leases of approximately HK$928,000 during the year ended 31 March 2020. As at 31 March 2020, no leases committed but not yet commenced.

10. CONTRACT ASSETS

	2020 ***HK$'000***	2019 *HK$'000*
Contract assets	**79,308**	60,619
Less: provision for loss allowance	**(1,696)**	(1,721)
	77,612	58,898

The Group's contract assets are analysed as follows:

	2020 ***HK$'000***	2019 *HK$'000*
Contract assets		
Unbilled revenue	**50,273**	23,915
Retention monies receivables	**27,339**	34,983
	77,612	58,898

The carrying amounts of the Group's contract assets are denominated in HK$.

Contract assets are initially recognised for revenue earned from contract works as the Group's rights to receive consideration from its customers are conditional upon the completion of surveys of works carried out. Upon completion of the surveys of work, payment certificates would then be issued, upon which the Group's right to consideration become unconditional and the amounts recognised as contract assets are reclassified to trade receivables. Typically, the time interval between the performance of works and the Group's right to consideration becoming unconditional range from 1 to 12 months for the construction contracts engaged by the Group (2019: from 1 to 12 months), except for retention monies receivables (see below).

As at 31 March 2020, the balance of contract assets included retention monies receivables from customers amounting to approximately HK$27,339,000, net of provision for credit loss allowance (2019: approximately HK$34,983,000). Retention monies receivables were to be settled in accordance with the terms of respective contract.

The Group generally allows 5% to 10% of total contract price of its contracts as retention (2019: 3% to 10%), which are unsecured, interest-free and recoverable at the completion of the defect's liability period of individual contracts which range from 12 to 24 months from the date of the completion of the respective contract (2019: 12 to 24 months). The Group is responsible for rectifying defects or imperfections in relation to the contract works done which are discovered after completion.

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all contract assets. To measure the ECL, contract assets have been grouped based on individual risk assessment and/or collectively using a provision matrix with appropriate groupings. The ECL below also incorporate forward-looking information.

Provision for loss allowance in respect of retention monies receivables as at 31 March 2019 and 2020 includes an amount of approximately HK$1,536,000 in respect of a customer which was individually assessed to be credit impaired during the years ended 31 March 2019 and 2020. Based on the Group's assessment of the poor financial condition of this customer, a 100% expected loss rate was applied to the retention monies receivables outstanding as at 31 March 2019 and 2020.

	2020	2019
	HK$'000	*HK$'000*
ECL rate (average)	**2.14%**	2.84%
Gross carrying amount (HK$'000)	**79,308**	60,619
ECL (HK$'000)	**1,696**	1,721

11. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**13,330**	18,400
Less: provision for loss allowance *(Note b)*	**(146)**	(151)
Trade receivables – net *(Note a)*	**13,184**	18,249
Other receivables, deposits and prepayments	**9,313**	4,514
Less: provision for loss allowance *(Note b)*	**(22)**	(19)
Other receivables, deposits and prepayments – net	**9,291**	4,495
	22,475	22,744

The carrying amounts of the Group's trade and other receivables are denominated in HK$.

(a) *Trade receivables*

The credit period granted to customers are ranging from 17 to 33 days generally.

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

	2020	2019
	HK$'000	*HK$'000*
0–30 days	**11,640**	11,721
31–60 days	**1,544**	6,440
61–90 days	**–**	88
	13,184	18,249

Trade receivables of approximately HK$11,640,000 as at 31 March 2020 were not yet past due (2019: approximately HK$10,112,000), and approximately HK$1,544,000 as at 31 March 2020 were past due but not impaired (2019: approximately HK$8,137,000). These relate to trade receivables from a number of independent customers of whom there is no recent history of default and no written-off has therefore been made. The ageing analysis of these trade receivables is as follows:

	2020	2019
	HK$'000	*HK$'000*
0–30 days	**1,544**	6,882
31–60 days	**–**	1,255
	1,544	8,137

As at 31 March 2020, the Group had a provision for loss allowance of approximately HK$146,000, which is measured based on individual risk assessment and/or collectively using a provision matrix (2019: approximately HK$151,000). The movement of the loss allowance is set out in Note b.

(b) *Provision for loss allowance*

The Group applies the simplified approach to providing for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the ECL, trade receivables have been grouped based on individual risk assessment and/or collectively using a provision matrix with appropriate groupings. The ECL below also incorporate forward-looking information.

	0–30 days	31–60 days	61–90 days	Over 90 days	Trade receivables Total
As at 31 March 2020					
ECL rate (average)	0.03%	NA	NA	100%	
Gross carrying amount (HK$'000)	11,643	1,544	–	143	13,330
ECL (HK$'000)	3	–	–	143	146
As at 31 March 2019					
ECL rate (average)	0.05%	0.03%	NA	100%	
Gross carrying amount (HK$'000)	11,727	6,442	88	143	18,400
ECL (HK$'000)	6	2	–	143	151

The movement in the provision for loss allowance in respect of trade receivables during the years ended 31 March 2019 and 2020 were as follows:

	Lifetime ECL *HK$'000*	Lifetime ECL – credit impaired *HK$'000*	Total *HK$'000*
As at 31 March 2018	–	69	69
Effect arising from initial application of HKFRS 9	8	–	8
As at 1 April 2018 (restated)	8	69	77
Provision made for the year	8	74	82
Reversal for the year	(8)	–	(8)
As at 31 March 2019	8	143	151
Provision made for the year	3	–	3
Reversal for the year	(8)	–	(8)
As at 31 March 2020	3	143	146

Provision for loss allowance in respect of trade receivables as at 31 March 2020 includes an amount of approximately HK$143,000 in respect of a customer which was individually assessed to be credit-impaired (2019: approximately HK$143,000). Based on the Group's assessment of the poor financial condition of the customer, a 100% expected loss rate was applied to the trade receivables outstanding as at 31 March 2020 (2019: 100%).

The Group applies the general approach to providing for ECL prescribed by HKFRS 9, which permits the use of the 12m ECL for all the deposits and other receivables. To measure the ECL, deposits and other receivables have been grouped based on individual risk assessment and/or collectively basis with appropriate groupings. The ECL below also incorporate forward-looking information.

	2020	2019
Deposits and other receivables		
ECL rate (average)	**0.73%**	0.67%
Gross carrying amount *(HK$'000)*	**3,033**	2,834
ECL *(HK$'000)*	**22**	19

The movement in the provision for loss allowance in respect of deposits and other receivables during the years ended 31 March 2019 and 2020 were as follows:

	HK$'000
As at 31 March 2018	–
Effect arising from initial application of HKFRS 9	37
As at 1 April 2018 (restated)	37
Provision made for the year	8
Reversal for the year	(26)
As at 31 March 2019	19
Provision made for the year	14
Reversal for the year	(11)
As at 31 March 2020	22

12. SHARE CAPITAL

Details of the Company's authorised and issued ordinary share capital are as follows:

	Number of ordinary shares	**Share capital** *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
As at 31 March 2019 and 2020	1,500,000,000	15,000
Issued and fully paid:		
As at 31 March 2019 and 2020	600,000,000	6,000

13. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**19,143**	11,608
Accruals and other payables	**2,385**	3,096
	21,528	14,704

Payment terms granted by suppliers of materials and subcontractors are ranging from 0 to 60 days generally (2019: 0 to 30 days generally).

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

	2020	2019
	HK$'000	*HK$'000*
0–30 days	**19,142**	11,592
31–60 days	**1**	16
	19,143	11,608

The carrying amounts of the Group's trade and other payables are denominated in HK$.

14. COMMITMENTS

Operating lease commitments — Group as lessee

As at 31 March 2019, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2019
	HK$'000
Within one year	563
In the second to fifth years inclusive	6
	569

The Group is the lessee in respect of a number of premises under leases which were previously classified as operating leases under HKAS 17. The leases typically run for initial periods of approximately from 1 year to 2 years, with an option to renew the leases when all terms are renegotiated. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances as at 1 April 2019 to recognise lease liabilities relating to these leases. From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group performs wet trades works as a subcontractor in Hong Kong.

For the year ended 31 March 2020, the Group recorded a net loss of approximately HK$8.4 million as compared to a net profit of approximately HK$11.9 million for the year ended 31 March 2019. The Directors are of the view that the net loss was mainly attributable to the decrease in revenue and gross profit margin for the year ended 31 March 2020.

OUTLOOK

The Shares were listed on GEM on 29 September 2017 (the "**Listing Date**") by way of share offer (the "**Share Offer**"). The Group always strives to improve our operating efficiency and profitability. The Group is expanding our fleet of machinery and equipment, which will enhance the basis of our technical capability to bid for future projects. The Group will also proactively seek opportunities to expand our customer base and our market share, and undertake more wet trades projects and business opportunities which will enhance value to the shareholders of the Company.

The net proceeds from the Share Offer provide financial resources to the Group to meet and achieve our business objectives and strategies which can strengthen the Group's market position in wet trades works services.

Due to the outbreak of novel coronavirus (COVID-19) (the "**Outbreak**"), progress of certain construction projects were being delayed as (i) certain workers were unable to return to work in Hong Kong from the People's Republic of China (the "**PRC**") as part of the Government's 14 days quarantine countermeasures to contain the Outbreak in February 2020; and (ii) the Group also experienced temporary insufficient supply of construction materials such as river sand and cement due to delay in the supply chain logistics from the PRC. The supply of construction materials was resumed towards the end of February 2020. The Directors expect that the Outbreak would result in delay in completion progress of works of certain construction projects. In the opinion of the Directors, it is not practicable to provide a quantitative estimate of the potential impact of this Outbreak on the Group's financial statements. The Group would assess the risks and uncertainties arising from the Outbreak and take various measures to mitigate the potential adverse impact from such disruptions.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2020, the Group's revenue amounted to approximately HK$223.1 million, which decreased by approximately 38.7% as compared to the year ended 31 March 2019. The decrease in revenue was primarily attributable to a decrease in contracting revenue due to (i) the delay in commencement of new projects being awarded to the Group as a result of the Outbreak; and (ii) substantial completion of the projects on hand during the year ended 31 March 2019.

Gross profit margin

Our gross profit decreased by approximately HK$28.3 million or 95.0%, from approximately HK$29.8 million for the year ended 31 March 2019 to approximately HK$1.5 million for the year ended 31 March 2020. The decrease in the Group's gross profit was primarily due to the decrease in our revenue and gross profit margin. The Group's gross profit margin decreased from approximately 8.2% for the year ended 31 March 2019 to approximately 0.7% for the year ended 31 March 2020, which was primarily due to the increase in overall construction costs and competitive project pricing arising from intense market competition.

Other income and gain

Other income and gain decreased by approximately HK$106,000 from approximately HK$605,000 for the year ended 31 March 2019 to approximately HK$499,000 for the year ended 31 March 2020. The decrease was mainly due to the decrease of bank interest income for the year ended 31 March 2020.

Administrative and other operating expenses

Administrative and other operating expenses decreased by approximately HK$4.4 million or 27.5% from approximately HK$16.0 million for the year ended 31 March 2019 to approximately HK$11.6 million for the year ended 31 March 2020. The decrease was mainly due to decrease in provision for loss allowance on retention receivables.

Finance costs

Finance costs decreased by 55.6% to approximately HK$8,000 for the year ended 31 March 2020 from approximately HK$18,000 for the year ended 31 March 2019, which was mainly due to decrease in bank overdrafts interest for the year ended 31 March 2020.

(Loss) Profit for the year

For the year ended 31 March 2020, the Group recorded loss attributed to owners of the Company of approximately HK$8.4 million as compared to profit for the year ended 31 March 2019 of approximately HK$11.9 million. The loss was mainly attributable to the decrease in gross profit for the year ended 31 March 2020.

Final dividend

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

Capital structure

The Shares were listed on GEM by way of Share Offer of 150,000,000 Shares at a price of HK$0.47 per share on 29 September 2017. There has been no change in the capital structure of the Group since the Listing Date and up to the date of this announcement.

Liquidity, financial resource and funding

We financed our operations primarily through cash generated from our operating activities. During the year ended 31 March 2020, we did not have any bank borrowings. As at 31 March 2020, we had cash and cash equivalents of approximately HK$26.5 million (2019: approximately HK$48.8 million) and pledged bank deposits of approximately HK$5.2 million (2019: approximately HK$5.1 million).

Our primary uses of cash and cash equivalents have been and are expected to continue to be operating costs and capital expenditure.

Gearing ratio

The gearing ratio for the Group as at 31 March 2020 was Nil (2019: Nil). It was calculated by dividing total obligations under total bank borrowings by total equity as at the end of each reporting period multiplied by 100%.

Treasury policy

The Directors will continue to follow a prudent policy in managing the Group's bank balances and maintain strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

Significant investments held, material acquisitions and disposals of subsidiaries, associated companies and joint ventures

During the year ended 31 March 2020, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associated companies or joint ventures.

Future plans for material investments and capital assets

Save as disclosed in the Prospectus and in this announcement, the Group did not have other plans for material investments or capital assets as of 31 March 2020.

Foreign exchange exposure

Most of our Group's transactions are denominated in Hong Kong dollars which is the functional and presentation currency of the Group. As such, the Directors are of the view that the Group does not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

Charge of Group assets

As at 31 March 2020, aside from pledged bank deposit of approximately HK$5.2 million (2019: approximately HK$5.1 million), no asset of the Group was pledged as security for bank borrowing or any other financing facilities.

Capital expenditure

Total capital expenditure for the year ended 31 March 2020 was approximately HK$2.0 million, which was used in the purchase of plant and equipment.

Contingent liabilities

As at 31 March 2020, the Group had no significant contingent liabilities.

Capital commitments

As at 31 March 2020, the Group had no significant capital commitments.

Use of proceeds

The net proceeds from the Listing (after deducting the underwriting fees and other listing expenses borne by the Company) amounted to approximately HK$41.3 million. After the Listing, a part of these proceeds has been applied in accordance with the future plans and use of proceeds as set out in the Prospectus.

An analysis of the utilisation of net proceeds from the Listing as at 31 March 2020 is set out below:

	Total planned use of net proceeds as stated in the Prospectus	**Actual use of net proceeds up to 31 March 2020**	**Unutilised net proceeds up to 31 March 2020**
	HK$'000	*HK$'000*	*HK$'000*
Taking out surety bonds for contracts we plan to tender	20.3	20.3	–
Further strengthening our manpower	8.0	4.8	3.2
Acquisition of machinery and equipment	7.7	7.7	–
Repayment of bank overdraft facility	3.2	3.2	–
General working capital	2.1	2.1	–

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

The remaining unutilised net proceeds as at 31 March 2020 were placed as deposits with licensed banks in Hong Kong and are currently intended to be applied in the manner consistent with the proposed allocations as set out in the Prospectus.

EVENTS AFTER THE REPORTING PERIOD

The Outbreak in early 2020 has certain impact on the operations of the Group. In the opinion of the Directors, it is not practicable to provide a quantitative estimate of the potential impact of this outbreak on the Group's financial statements as at the date of these financial statements.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholder value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 15 of the GEM Listing Rules since the Listing Date up to the date of this announcement. During the year ended 31 March 2020, to the best knowledge of the Board, the Company has complied with the code provisions of the CG Code.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2020 are set out in the consolidated statement of profit or loss and other comprehensive income of this announcement. The financial position of the Group and the Company as at 31 March 2020 are set out in the consolidated statement of financial position and note 8 to the consolidated financial statements respectively. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee was established on 29 September 2017. The chairman of the Audit Committee is Mr. Tang Chi Wai, an independent non-executive Director, and other members include Mr. Wong Yiu Kwong Kenji and Ms. Chung Lai Ling, both independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The annual results of the Group has been reviewed by the Audit Committee.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2020 as set out in this announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 March 2020. The work performed by HLB Hodgson Impey Cheng 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 HLB Hodgson Impey Cheng Limited on this announcement.

APPRECIATION

The Company would like to thank the Group's customers, suppliers, business partners for their support. Also, the Company would like to offer its highest gratitude to its shareholders for their devotion and to the Group's employees for their loyalty and contributions made during the year.

By Order of the Board
Noble Engineering Group Holdings Limited
Tse Chun Yuen
Chairman and executive Director

Hong Kong, 24 June 2020

As at the date of this announcement, the executive Directors are Mr. Tse Chun Yuen and Mr. Tse Chun Kuen, and the independent non-executive Directors are Mr. Wong Yiu Kwong Kenji, Ms. Chung Lai Ling and Mr. Tang Chi Wai.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the "Latest Company Announcements" page for at least 7 days from the date of its posting and will be published on the Company's website at www.nobleengineering.com.hk.