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CENTENARY UNITED HOLDINGS LIMITED

世紀聯合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1959)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately RMB159.5 million, representing a decline of 7.7% compared with the same period in 2019 (“**YoY**”).
- Revenue of sales of motor vehicles decreased by approximately RMB134.9 million, representing a YoY decrease of 7.5%.
- Gross profit decreased by approximately RMB49.1 million, representing a YoY decrease of 27.4%.
- Profit attributable to the equity shareholders decreased by approximately RMB11.6 million to RMB21.4 million, representing a YoY decrease of 35.2%.

RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Centenary United Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020 (the “**Year 2020**” or the “**Year**”) together with comparative figures for the year ended 31 December 2019 (the “**Year 2019**” or “**Previous Year**”) as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

		2020	2019
	Notes	RMB'000	RMB'000
REVENUE	4	1,912,684	2,072,167
Cost of sales		<u>(1,782,285)</u>	<u>(1,892,663)</u>
Gross profit		130,399	179,504
Other income and gains	4	21,878	18,649
Selling and distribution expenses		(50,935)	(58,956)
Administrative expenses		(52,868)	(68,083)
Other expenses, net		(276)	(673)
Finance costs	6	<u>(14,656)</u>	<u>(17,582)</u>
PROFIT BEFORE TAX	5	33,542	52,859
Income tax expense	7	<u>(12,008)</u>	<u>(19,791)</u>
PROFIT FOR THE YEAR		<u>21,534</u>	<u>33,068</u>
Attributable to:			
Owners of the parent		21,429	33,068
Non-controlling interests		<u>105</u>	<u>—</u>
		<i>RMB cents</i>	<i>RMB cents</i>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	<u>4.29</u>	<u>8.30</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
PROFIT FOR THE YEAR	<u>21,534</u>	<u>33,068</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>408</u>	<u>(1,198)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>408</u>	<u>(1,198)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>21,942</u>	<u>31,870</u>
Attributable to:		
Owners of the parent	<u>21,837</u>	<u>31,870</u>
Non-controlling interests	<u>105</u>	<u>—</u>
	<u>21,942</u>	<u>31,870</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		129,629	123,060
Right-of-use assets		35,765	44,597
Other intangible assets		384	430
Deferred tax assets		1,086	317
Total non-current assets		166,864	168,404
CURRENT ASSETS			
Inventories	10	299,520	308,481
Trade receivables	11	12,128	5,821
Prepayments, other receivables and other assets		188,472	184,189
Amounts due from related companies	14	—	48,163
Pledged deposits		108,674	114,140
Cash and cash equivalents		39,396	28,967
Total current assets		648,190	689,761
CURRENT LIABILITIES			
Trade and bills payables	12	195,470	148,541
Contract liabilities		61,392	64,880
Other payables and accruals		52,577	53,825
Interest-bearing bank and other borrowings		107,166	302,108
Tax payable		20,503	16,250
Total current liabilities		437,108	585,604
NET CURRENT ASSETS		211,082	104,157
TOTAL ASSETS LESS CURRENT LIABILITIES		377,946	272,561

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2020

	<i>Note</i>	2020 RMB'000	2019 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		99,500	—
Lease liabilities		22,550	30,925
Total non-current liabilities		122,050	30,925
Net assets		255,896	241,636
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	4,515	4,515
Reserves		249,276	235,121
Equity attributable to owners of the parent		253,791	239,636
Non-controlling interests		2,105	2,000
Total equity		255,896	241,636

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 October 2018. Its ordinary shares of HK\$0.01 each (“**Shares**”) have been listed (“**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are mainly engaged in the sale of motor vehicles and provision of services in the People’s Republic of China (the “**PRC**”).

Pursuant to the paragraphs as set out in the section headed “History, Development and Reorganisation — Reorganisation” to the prospectus of the Company dated 30 September 2019 (the “**Prospectus**”), the Company became the holding company of its subsidiaries now comprising the Group (the “**Reorganisation**”).

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations) issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Companies Ordinance (Chapter 622 of the laws of Hong Kong). They have been prepared under the historical cost convention. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the Conceptual Framework for Financial Reporting 2018 and the following revised IFRSs for the first time for the financial statements of the Year 2020.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9 IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

Other than as explained below regarding the impact of Amendment to IFRS 16, the adoption of the Conceptual Framework for Financial Reporting 2018 and the above revised standards has had no significant financial effect on these consolidated financial statements.

Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) 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; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's buildings have been reduced or waived by the lessors as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB6,095,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020.

3. OPERATING SEGMENT INFORMATION

The Group principally engages in the sale of motor vehicles and provision of auto services in the PRC.

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the Directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the Directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

During the Year 2020 and the Year 2019, the Group operated within one geographical segment because most of its revenue was generated in the PRC and all of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no further geographical segment information is presented.

Information about major customers

No sales of motor vehicles or provision of service provided to a single customer amounted to 10% or more of total revenue of the Group during the Year 2020 and the Year 2019.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	2020 RMB'000	2019 RMB'000
Types of goods or services		
Sales of motor vehicles	1,655,623	1,790,482
Others integrated auto services	257,061	281,685
	<u>1,912,684</u>	<u>2,072,167</u>
Total revenue from contracts with customers	<u>1,912,684</u>	<u>2,072,167</u>
Timing of revenue recognition		
Transferred at a point in time	1,734,829	1,884,834
Transferred over time	177,855	187,333
	<u>1,912,684</u>	<u>2,072,167</u>
Total revenue from contracts with customers	<u>1,912,684</u>	<u>2,072,167</u>

(ii) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sales of goods

The performance obligation is satisfied upon delivery of the merchandised products and payment in advance is generally required.

Provision of services

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of the service and customer acceptance.

The unsatisfied performance obligations are expected to be satisfied within one year.

Other income and gains

	2020 RMB'000	2019 RMB'000
Bank interest income	1,579	1,331
Government grants released (<i>Note (a)</i>)	3,247	38
Gain on disposal of property, plant and equipment	1,389	3,221
Others (<i>Note (b)</i>)	15,663	14,059
	<u>21,878</u>	<u>18,649</u>

Notes:

- (a) Government grant released represented the funds for hosting of vehicle exhibitions and other promotional activities from the PRC government authorities. There were no unfulfilled conditions or contingencies in relation to the grants.
- (b) Others mainly included commission income from releasing vehicle mortgage for the customers, commission income from third party financing institution for vehicle financing and advertisement support received from automobile manufacturers for the advertising activities.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	<i>Note</i>	2020 RMB'000	2019 <i>RMB'000</i>
Employee benefit expense (excluding directors' remuneration):			
Wages and salaries		62,930	72,278
Pension scheme contributions		4,765	7,540
		67,695	79,818
Cost of inventories sold (<i>Note (a)</i>)		1,666,583	1,755,705
Cost of services provided		115,702	136,958
Depreciation of property, plant and equipment		14,764	10,189
Depreciation of right-of-use assets		9,064	9,772
Amortisation of other intangible assets		46	31
Equity-settled share option expense		1,211	—
Listing expenses		—	10,827
Auditor's remuneration		1,300	710
Gain on disposal of property, plant and equipment		(1,389)	(3,221)
Impairment of trade receivables (<i>Note (b)</i>)	11	64	37
Write-down of inventories to net realisable value		950	1,269
Interest income		(1,579)	(1,331)

Notes:

(a) *Inclusive of write-down of inventories to net realisable value.*

(b) *Included in "Other expenses, net" in the consolidated statements of profit or loss and other comprehensive income.*

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on bank and other borrowings	12,698	15,388
Interest on lease liabilities	1,958	2,194
	<u>14,656</u>	<u>17,582</u>

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the entities of the Group which were incorporated in the Cayman Islands and the BVI are not subject to any income tax.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

Hong Kong Profits Tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Year 2020 and the Year 2019.

PRC Corporate Income Tax (“CIT”)

Pursuant to the CIT Law and the respective regulations, the PRC subsidiaries were subject to income tax at a statutory rate of 25% for the Year 2020 and the Year 2019.

CIT of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in PRC during the Year 2020 and the Year 2019.

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current — the PRC		
Charge for the year	12,777	19,151
Deferred income tax	(769)	640
	<u>12,008</u>	<u>19,791</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate of the majority of the Group's subsidiaries to the tax expense at the effective tax rate for the Year 2020 and the Year 2019 is as follows:

	2020 RMB'000	2019 <i>RMB'000</i>
Profit before tax	<u>33,542</u>	<u>52,859</u>
Tax at the statutory tax rate of 25%	8,386	13,215
Expenses not deductible for tax	2,220	5,684
Tax losses utilised from previous period	(354)	(1,889)
Tax effect of tax losses not recognised	<u>1,756</u>	<u>2,781</u>
Tax charge at the effective rate	<u>12,008</u>	<u>19,791</u>

8. DIVIDENDS

	2020 RMB'000	2019 <i>RMB'000</i>
Interim — HK2 cents (2019: Nil) per Share	<u>8,893</u>	<u>—</u>

On 18 September 2020, the Board declared an interim dividend of HK2 cents per Share for the six months ended 30 June 2020, out of the share premium account of the Company. The Board does not recommend the payment of any final dividend for the Year 2020.

Dividends of RMB9,080,000 in aggregate have been declared and paid by certain subsidiaries during the Year 2019 prior to the completion of the Reorganisation.

9. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculations of basic and diluted earnings per share amounts for the Year 2020 and the Year 2019 are based on the assumption that the Reorganisation and the capitalisation issue have been effective on 1 January 2019.

The calculations of the basic and diluted earnings per share amount are based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of Shares of 500,000,000 (2019: 400,342,000) in issue during the Year.

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent	<u>21,429</u>	<u>33,068</u>
Share		
Weighted average number of Shares in issue during the year (<i>in thousand</i>)	<u>500,000</u>	<u>400,342</u>
	<i>RMB cents</i>	<i>RMB cents</i>
Earnings per Share:		
Basic and diluted	<u>4.29</u>	<u>8.30</u>

No adjustment has been made to the basic earnings per Share amounts presented for the Year 2020 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic earnings per Share amounts presented.

The Group had no potentially dilutive Shares in issue during the Year 2020 and the Year 2019 respectively.

10. INVENTORIES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Vehicles	292,687	298,492
Accessories	<u>6,833</u>	<u>9,989</u>
	<u>299,520</u>	<u>308,481</u>

As at 31 December 2020, the Group's inventories with a carrying amount of approximately RMB11,398,000 (2019: RMB112,201,000) were pledged as security for the Group's interest-bearing bank and other borrowings.

11. TRADE RECEIVABLES

	2020 RMB'000	2019 <i>RMB'000</i>
Trade receivables	12,251	5,880
Impairment	(123)	(59)
	<u>12,128</u>	<u>5,821</u>

Trade receivables of the Group represented proceeds receivable from the sales of motor vehicles and the provision of services. The Group's trading terms with its customers normally require payment in advance, except for certain of provision of services where credit is allowed. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control management system to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned, there was no significant concentration of credit risk as at 31 December 2020. Trade receivables were interest-free and unsecured as at 31 December 2020.

An ageing analysis of the trade receivables as at the end of the year, based on the invoice date and net of loss allowance, is as follows:

	2020 RMB'000	2019 <i>RMB'000</i>
Within 3 months	11,092	5,821
3 to 12 months	1,036	—
	<u>12,128</u>	<u>5,821</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2020 RMB'000	2019 <i>RMB'000</i>
At the beginning of the year	59	22
Impairment losses recognised (<i>Note 5</i>)	64	37
At the end of the year	<u>123</u>	<u>59</u>

As at 31 December 2020

	Invoice day Within 3 months	Invoice day 3 to 12 months	Total
Expected credit loss (“ECL”) rate	1%	1%	1%
Gross carrying amount (<i>RMB’000</i>)	11,204	1,047	12,251
Expected credit losses (“ECLs”) (<i>RMB’000</i>)	112	11	123

As at 31 December 2019

	Invoice day Within 3 months
ECL rate	1%
Gross carrying amount (<i>RMB’000</i>)	5,880
ECLs (<i>RMB’000</i>)	59

The Group has applied the simplified approach to provide for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days of ageing. The expected loss rate of trade receivables is assessed to be approximately 1%. There was no significant change in the ECL rates during the Year 2020, which was mainly due to no significant changes in the historical default rates of trade receivables, economic conditions and performance and behavior of the customers were noted, based on which the ECL rates are determined.

12. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables of the Group, based on the invoice date, as at the end of the Year 2020 and the Year 2019, is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 3 months	171,955	120,200
3 to 12 months	23,515	28,341
	<u>195,470</u>	<u>148,541</u>

The trade and bills payables are interest-free and are normally settled on a 90 to 180 days' term.

The Group's bills payables are secured by the pledged deposits of approximately RMB97,606,000 as at 31 December 2020 (2019: RMB88,340,000).

13. SHARE CAPITAL

Shares

	2020	2019
Authorised:		
2,000,000,000 Shares		
as at 31 December 2020 and 2019	<u>HK\$20,000,000</u>	<u>HK\$20,000,000</u>
Issued and fully paid:		
500,000,000 Shares		
as at 31 December 2020 and 2019	<u>HK\$5,000,000</u>	<u>HK\$5,000,000</u>
Equivalent to	<u>RMB4,515,000</u>	<u>RMB4,515,000</u>

A summary of movements in the Company's share capital is as follows:

	Number of Shares in issue	Share capital RMB'000
Issue of Share at 4 October 2018 (date of incorporation) (<i>Note (a)</i>) and 31 December 2018	7,500	—*
Capitalisation issue (<i>Note (b)</i>)	374,992,500	3,386
Initial public offering (<i>Note (c)</i>)	<u>125,000,000</u>	<u>1,129</u>
At 31 December 2020 and 2019	<u>500,000,000</u>	<u>4,515</u>

* Less than RMB1,000.

Notes:

- (a) *The Company was incorporated in the Cayman Islands on 4 October 2018 with authorised share capital of HK\$380,000 divided into 38,000,000 Shares and issued share capital of HK\$75 divided into 7,500 Shares.*

- (b) *On 16 September 2019, a written resolution was passed by the Company's sole shareholder to increase the authorised share capital of the Company from HK\$380,000 divided into 38,000,000 shares to HK\$20,000,000 divided into 2,000,000,000 Shares by the creation of an addition of 1,962,000,000 Shares, each ranking pari passu with the Shares then in issue in all respects.*

On 23 September 2019, a written resolution was passed by the Company's shareholders, approving (i) the increase of the authorised share capital to HK\$20,000,000 divided into 2,000,000,000 Shares; and (ii) the capitalisation of share premium into 374,992,500 Shares by applying HK\$3,749,925 (equivalent to RMB3,386,000) to pay up in full at par for allotment and issue to the then existing shareholders in proportion to their respective shareholdings in the Company as of the date immediately preceding the Listing.

- (c) *On 18 October 2019, the Company issued 125,000,000 Shares in its initial public offering at the price of HK\$1.08 per Share.*

14. RELATED PARTY TRANSACTIONS AND BALANCES

The Directors are of the view that the following companies are related parties that had material transactions or balances with the Group during the Year 2020 and the Year 2019:

(a) Name and relationship of the related parties

Name	Relationship
Mr. Law Hau Kit ("Mr. Law")	Director
Zhongshan New Century Car Rental Co., Ltd.* (中山市創世紀汽車租賃有限公司)	Controlled by a Director
Zhongshan Dongri Automobile Co., Ltd.* (中山市東日汽車有限公司)	Controlled by a Director
Zhongshan New Century Pioneering Automobile Co., Limited* (中山市創世紀汽車有限公司)	Controlled by a Director
Huichuang Financial Leasing (Zhuhai) Co., Ltd.* (滙創融資租賃(珠海)有限公司)	Controlled by a Director

(b) Outstanding balances with related parties

As disclosed in the consolidated statements of financial position, the Group had outstanding balances with its related parties as follows:

Amounts due from related parties

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Non-trade		
Zhongshan New Century		
Pioneering Automobile Co., Limited*	—	15,998
Huichuang Financial Leasing (Zhuhai) Co., Ltd.*	—	808
	—	16,806
Trade		
Zhongshan New Century Car Rental Co., Ltd.*	—	31,357
	—	48,163

The outstanding balances with related parties are unsecured, interest-free and repayable on demand.

(c) Transactions with related parties

In addition to the transactions disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the Year 2020 and the Year 2019:

(1) Sales of goods to related parties

	2020 RMB'000	2019 RMB'000
Zhongshan New Century Car Rental Co., Ltd.*	—	33,561
Mr. Law	269	—
Huichuang Financial Leasing (Zhuhai) Co., Ltd.*	66	—
	335	33,561

The prices for the above sales of goods were determined according to the published prices and conditions offered to other customers of the Group.

(2) Services provided to related parties

	2020 RMB'000	2019 RMB'000
Zhongshan New Century Car Rental Co., Ltd.*	—	258
Huichuang Financial Leasing (Zhuhai) Co., Ltd.*	51	112
	51	370

(3) Rental fee paid to related parties

	2020 RMB'000	2019 RMB'000
Zhongshan Dongri Automobile Co., Ltd.*	142	1,558
Zhongshan New Century Pioneering Automobile Co., Limited*	293	3,498
	435	5,056

The prices for the above services were determined according to the published prices and conditions offered to other customers of the Group.

- (d) During the Year 2020 and the Year 2019, the Group did not identify any personnel as key management other than the Directors of the Group.

* The English names of all the above companies represent the best effort made by the Directors to translate the Chinese names as these companies have not been registered with any official English names.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

2020 was a very challenging year. With the sudden outbreak of the COVID-19 pandemic (the “**Pandemic**”), the macro economy faced unprecedentedly severe challenges. However, with the strong support of national and local policies, the unremitting efforts of automotive companies and the industry, the solid advancement of the work and production resumption, and strong revival of consumer demand, the overall recovery of the automotive industry was much better than expected, and had basically offset the impact of the Pandemic, demonstrating the strong growth resilience and endogenous dynamics of the automotive industry. As the domestic situation against the Pandemic starting to improve continuously since the second quarter of 2020, the production and sales of the automotive industry maintained an upward trend and rebounded from the bottom, in which, automotive sales have been growing since April 2020. In 2020, 25.3 million vehicles were sold in the PRC with a YoY decrease of 1.9%, and the sales continued to rank top in the world. Among them, the sales volume of passenger vehicles was 20.2 million vehicles, down by 6.0% YoY or a decline narrowed by 3.6% compared with that of 2019.

In the used vehicle market, the number of first-time buyers has been shrinking in recent years, while the number of buyers who trade in for or purchase additional new vehicles has continued to increase, bringing new opportunities to this market. According to data from the China Automobile Dealers Association (the “**CADA**”), the cumulative transaction volume of the used vehicle market nationwide was 14.3 million vehicles in 2020, a YoY decrease of 3.9% or a decline narrowed by 15.7% from the first half of 2020. The sales volume reached approximately RMB888.8 billion, a YoY decrease of 5.0% or a decline narrowed by 16.7% compared with the first half of 2020.

Business Review

For the Year 2020, the Group recorded a revenue of approximately RMB1,912.7 million, a decrease of 7.7% from the Year 2019. The Group’s gross profit fell by 27.4% from approximately RMB179.5 million in the Year 2019 to approximately RMB130.4 million in the Year 2020.

The Group is headquartered in Zhongshan City of Guangdong Province, one of the important hub cities in the Guangdong-Hong Kong-Macao Greater Bay Area (the “**Greater Bay Area**”). The Group operates a total of 16 outlets of 4S dealership, including our first Cadillac dealership outlet and first Volkswagen New Jetta brand dealership outlet newly opened in Zhongshan City during the Year 2020. With the opening of a new used vehicle trading centre in the fourth quarter of 2020, the Group now operates a total of two used vehicle trading centres. Besides, the Group has one quick fix auto centre, five quick fix service points, and one insurance agency company. The Group has more than 10 authorised brands, namely Jaguar and Land Rover, FAW Volkswagen, Buick, Chevrolet, FAW Toyota, Dongfeng Nissan, Dongfeng Qichen, Cadillac, Beijing Hyundai, and Volkswagen New Jetta.

Sales of motor vehicles

During the Year 2020, the sales of motor vehicles (comprising new vehicles and used vehicles) were approximately RMB1,655.6 million, down by 7.5% from RMB1,790.5 million in the Year 2019.

Sales of new vehicles

In the Year 2020, the Group’s revenue from sales of new vehicles amounted to approximately RMB1,625.6 million (14,523 vehicles in total), representing a decrease of 8.2% from approximately RMB1,771.7 million (17,050 vehicles in total) for the Year 2019. In the Year 2020, the newly added Cadillac and Volkswagen New Jetta brands recorded a revenue of approximately RMB43.3 million and RMB9.6 million, respectively. Sales revenue from luxury car brands such as Jaguar and Land Rover, amounted to approximately RMB77.0 million (179 vehicles in total), representing a significant increase of 216.9% from approximately RMB24.3 million (62 vehicles in total) for the Year 2019. The sales revenue from Japanese car brands, one of the consistently best sellers, during the year 2020, amounted to approximately RMB1,030.5 million (9,468 vehicles in total), which decreased by 10.2% compared to approximately RMB1,148.2 million (10,789 vehicles in total) in the Year 2019. The Group benefited from sales subsidies and other stimulus policies introduced by local governments to boost market confidence and promote the return of the automobile market to pre-pandemic consumption levels since the second quarter of 2020. The West District Government of Zhongshan City granted a subsidy of RMB9 million to the public, fruitfully leading to improved sales in the second half of 2020.

Sales of used vehicles

In 2020, due to the impact of the Pandemic, and the trend of consumers turning to self-driving instead of travelling by public transportations to reduce the risk of infection, the used car market started to flourish. During the Year 2020, the Group sold 786 used vehicles (the Year 2019: 656) with sales revenue amounting to approximately RMB30.0 million, representing a significant increase of 60.0% from approximately RMB18.8 million of the Year 2019, showing a strong market demand of used car sales. The Group also provided ownership transfer services for used vehicles sold by itself and third parties' used vehicle stores through its first used vehicle market centre opened in March 2020. As of 31 December 2020, the Group provided ownership transfer services for a total of 5,301 used vehicles, which had contributed revenue to the Group since the second quarter of 2020. In order to grasp the huge growth potential of the Greater Bay Area and the used vehicle market, the Group also opened a second used vehicle trading centre in the fourth quarter of 2020 to provide related services for used vehicle replacement.

Other integrated auto services

As a 4S dealership group providing one-stop car services, the Group offers a series of after-sales services and cares about customer feedback in addition to car sales. Other integrated auto services provided by the Group include repair and maintenance services, the sales of spare parts, insurance agency services and other services. During the Year 2020, since the sales figures in the second quarter of 2020 started to improve, the integrated auto services were recovering steadily in the second half of 2020, and the Group's revenue had slightly decreased by 8.7%, from approximately RMB281.7 million in the Year 2019 to approximately RMB257.1 million in the Year 2020.

Even though the growth rate of automotive sales has slowed down, the size of the downstream automotive aftermarket is growing steadily. The steady increase in the PRC's car ownership has provided a strong base for the automotive aftermarket.

To expand its sales network and after-sales services, the Group has developed the Centenary United Big Data Intelligence System (the "CUBDIS"), a large database integrating data from its own sales platform and after-sales service platform and service sales platforms that are in cooperation with the CUBDIS to help improve its internal management mechanisms and strengthen compliance management capabilities. The dynamic analysis of user experience has been made possible with the CUBDIS. The Group is committed to providing and promoting seamlessly integrated automotive services through the CUBDIS to improve customers' stickiness and loyalty and the overall business profitability for a sustainable closed-loop service ecosystem. The Group has more than 200,000 customers in Zhongshan City and around 60,000 followers on internet platforms.

Repair services

The Group's repair services are comprised of repair and maintenance services, the sales of spare parts, car care services and used vehicle warranty services. The Group offers complex repair services and standard maintenance and car care services at its 4S dealership outlets, and quick fix services and standard maintenance and car care services at its quick fix auto centre and quick fix service points.

During the Year 2020, revenue from repair services amounted to approximately RMB177.9 million (the Year 2019: RMB187.3 million), accounting for approximately 9.3% the Group's of total revenue, a decrease of 5.1% as compared with the Year 2019, and the gross profit margin increased from 28.1% in 2019 to 36.1% this year.

Sales of accessories

During the Year 2020, the revenue from the Group's sale of accessories amounted to approximately RMB46.7 million (the Year 2019: RMB52.9 million) with gross profit of approximately RMB30.2 million (the Year 2019: RMB35.2 million), accounting for 23.2% (the Year 2019: 19.6%) of the Group's total gross profit.

Insurance agency services

During the Year 2020, the Group cooperated with leading insurance companies in the PRC via Guangdong Chuangcheng Car Insurance Agency Co., Ltd* (廣東創誠汽車保險代理有限公司) ("**Chuangcheng Insurance**"). In addition to promoting and handling motor vehicle insurance (including but not limited to Compulsory Automobile Liability Insurance and commercial vehicle insurance), the Group also provided comprehensive agency services for personal insurance and property insurance products, thereby offering one-stop insurance services. In order to strengthen the promotion of its insurance agency services, the Group set up a special insurance agency office in Zhongshan City during the Year 2020 to handle insurance agency business.

During the Year 2020, the Group's revenue of insurance agency services was approximately RMB21.0 million (the Year 2019: RMB32.4 million) and gross profit was approximately RMB20.1 million, a decrease of 37.0% from approximately RMB31.9 million in the Year 2019, accounting for approximately 15.5% of the Group's total gross profit.

Other services

The Group's gross profit of other services (mainly comprising vehicle licensing registration services and registration of title transfer of used vehicles) was approximately RMB10.2 million during the Year 2020, representing an increase of 37.6% from approximately RMB7.4 million of the Year 2019.

Under the impact of the Pandemic and macroeconomic conditions, revenue and profit attributable to the equity shareholders decreased inevitably for the Year 2020. However, with the Group's unremitting effort in managing its operations and finance, several financial indicators including inventories, interest-bearing bank and other borrowings, administrative expenses, finance costs and gearing ratio (total debt divided by total equity) have been decreased, while net current assets and cash and cash equivalents has been increased. The above figures indicate that the Group has improved its liquidity and is in a healthy financial position which provides a solid foundation for the Group's future business development.

Prospect

Looking ahead to 2021, the global economic landscape will still be dominated by the Pandemic. With the massive vaccination against the Pandemic and the continuous deepening of internal circulation of economy in the PRC, the automotive industry will be able to get out of the current predicament and see the light at the end of the tunnel. In the coming years, global economy will continue to be volatile as various risks such as the Pandemic, international situation and China-US relations will remain. However, the automobile market in the PRC will soon encounter opportunities for development. Due to the Pandemic, consumers took public transit less frequently or preferred to travel by private vehicles. The rebound in their demand for passenger vehicles expedited the recovery of the automobile industry.

According to statistics of the CADA, consumers change their vehicles for the first time mostly in the third to sixth years after their initial purchases. Since the PRC's passenger vehicle sales peaked around 2017 with approximately 24 million vehicles sold, this is expected to bring demand for replacement in 2021. The China Association of Automotive Manufacturers (the "CAAM") predicts that a total of 26.3 million vehicles will be sold in the PRC in 2021, a YoY increase of approximately 4%.

In addition, the automotive industry, especially the used vehicle and new energy vehicle market will benefit from policies proposed by the Chinese Premier, Li Keqiang, earlier in the government work report, including stabilising bulk consumption, lifting unreasonable restrictions on used vehicle trading, increasing facilities such as parking lots, charging poles and battery swapping stations, and accelerating the building of power battery recycling systems.

Regarding the used vehicle market, used vehicles will become a new growth point for the domestic automobile dealership market under a series of supportive policies such as lowering value-added tax on used vehicle sales by 0.5%, cancelling restrictions on the ingoing of used vehicle, lifting administrative limits on automobile purchases orderly, simplifying procedures for used vehicle dealers, and expanding used vehicle export business. The Group also seized the opportunity to open its second used vehicle trading centre in Minzhong Town of Zhongshan City to expand used vehicle sales and other integrated used vehicle services.

It is an honour for the Group being elected as one of the Top 20 Vehicle Dealership Groups of Guangdong* (廣東汽車經銷商集團20強) in the ranking of the Top 100 Guangdong Automobile Dealers for 2020* (2020年度廣東省汽車流通行業百強企業排行榜) released by the Guangdong Automobile Dealers Association. It's also worth mentioning that Zhongshan New Century Second-hand Car Market Co., Ltd.* (中山市創世紀二手車交易市場有限公司), a wholly owned subsidiary of the Group, elected as one of the Top 30 Used Vehicle Dealers of Guangdong* (廣東二手車經銷商30強). The two awards are a recognition of our business in 2020 from the automobile industry and serve to cement the Group's position in the used vehicle industry. The sales and profitability of new and used vehicles are in fact closely linked. Superb used vehicle and trade in services can attract new vehicle buyers, and new vehicle buyers will also bring in used vehicle business. The Group's leading position in these two markets in Guangdong Province will benefit our future business development and optimization.

In November 2020, the State Council Information Office (SCIO) officially released the China New Energy Vehicle Industry Development Plan (2021–2035) (《新能源汽車產業發展規劃(2021–2035)》), which provides that the sales of new energy vehicles will jump to 20% of new vehicle sales in 2025. Under the guidance of relevant policies, new energy vehicles will become a new mobility trend of the future. According to the CAAM's forecast, new energy vehicles will continue to achieve high growth, with the growth rate expected to reach 40% and the total sales to jump to 1.8 million vehicles in 2021. The Group was also trying to seize every opportunity possible, and a world-leading large American new energy vehicle company set foothold on Chengnansi Road, which is next to the Group's Beijing Hyundai dealer outlet in Zhongshan City at the end of 2020. Following the new energy vehicle trends, the Group is building supercharger stations that are expected to come into operation in the second quarter of 2021.

In March 2021, the Government of the Hong Kong Special Administrative Region announced the Hong Kong Roadmap on Popularisation of Electric Vehicles* (香港電動車普及化路線圖) to vigorously promote the adoption of electric vehicles. This Roadmap includes “charging networks” as one of the Government's six action areas and mentions the study and expansion of associated charging arrangement for Hong Kong vehicles in mainland China when the Hong Kong vehicles Going North (港車北上) plan is implemented. The Group will grasp the opportunity of the development of the Greater Bay Area to steer itself toward the automotive aftermarket. Specifically, it will make the best use of such cost-effective automotive aftermarkets as Zhongshan, Zhuhai, and Shenzhen in the Greater Bay Area and study and develop the layout of charging networks so as to provide accurate mobility services for Hong Kong people to drive their private cars to mainland China.

FINANCIAL REVIEW

Revenue

For the Year 2020, the Group recorded revenue of approximately RMB1,912.7 million, representing a decline of approximately RMB159.5 million or 7.7% from that of approximately RMB2,072.2 million for the Year 2019. Sales of motor vehicles contributed approximately RMB1,655.6 million for the Year 2020 (the Year 2019: RMB1,790.5 million) of the Group's total revenue whereas other integrated auto services brought in revenue of approximately RMB257.1 million for the Year 2020 (the Year 2019: RMB281.7 million), representing approximately 86.6% (the Year 2019: 86.4%) and 13.4% (the Year 2019: 13.6%) of the Group's total revenue, respectively. Since January 2020, the outbreak of COVID-19 has adversely affected the business environment, the overall sales performance of the Group was therefore dropped, as the sales volume of new vehicles decreased during the Year 2020, especially in the first half of the year.

Cost of sales and gross profit margin

The Group's cost of sales primarily consists of cost of motor vehicles, cost of spare part and accessories, staff costs, depreciation and others. Cost of motor vehicles is the main cost of sales, accounting for approximately 92.6% for the Year 2020 (the Year 2019: 91.8%). For the Year, the Group's cost of sales amounted to approximately RMB1,782.3 million, representing a decrease of approximately 5.8% as compared to that of approximately RMB1,892.7 million for the Previous Year. The decrease was mainly due to the decline in demand of motor vehicles and spare parts, as well as the decrease in staff costs owing to a drop in the total workforce.

The Group recorded gross profit of approximately RMB130.4 million for the Year, representing a decrease of approximately 27.4% as compared to that of approximately RMB179.5 million for the Previous Year. Meanwhile, attributed to the decrease in the sales volume of new vehicles, the incentive rebates provided by automobile manufacturers also decreased accordingly, which also constituted part of the decline of the Group's gross profit. Overall gross profit margin of the Group decreased to approximately 6.8% for the Year from approximately 8.7% for the Previous Year. The decrease in revenue generated from sales of motor vehicles outweighed the decrease in cost of motor vehicles during the Year, leading to a decrease in gross profit margin.

Other income and gains

Other income and gains increased by approximately RMB3.3 million, or 17.7%, from approximately RMB18.6 million for the Previous Year to approximately RMB21.9 million for the Year, primarily attributable to the increase in government grant released for the Year.

Selling and distribution expenses

Save as disclosed, the Group's selling and distribution expenses decreased by approximately RMB8.1 million, or 13.7%, from approximately RMB59.0 million for the Previous Year to approximately RMB50.9 million for the Year.

The decrease in selling and distribution expenses for the Year was primarily due to the decrease in salary and wages as a result of reducing the number of employees of sales department as compared to the Previous Year.

Administrative expenses

Administrative expenses primarily consist of (i) salary and wages of administrative staff; (ii) rentals; (iii) Listing expenses; (iv) depreciation and amortisation; (v) property repair and maintenance expenses; (vi) sundry expenses such as utility expenses and telephone expenses; (vii) taxation; and (viii) bank charges. The Group's administrative expenses for the Year were approximately RMB52.9 million, representing a decrease of approximately RMB15.2 million from the Previous Year. Such decrease was due to the combined effect of (i) the decrease in Listing expenses of approximately RMB10.8 million; (ii) the decrease in salary and wages of administrative staff of approximately RMB0.6 million; (iii) the decrease in repair and maintenance expenses of approximately RMB0.6 million; (iv) the decrease in taxation of approximately RMB0.2 million; and (v) the decrease in rental expense of approximately RMB7.0 million.

Finance costs

For the Year 2020, the Group's finance costs were approximately RMB14.7 million (the Year 2019: RMB17.6 million), representing a decrease of approximately RMB2.9 million or 16.5%, which was mainly due to the decrease of interest on bank and other borrowings.

Profit for the year

As a result of the foregoing, the Group's profit for the Year amounted to approximately RMB21.5 million, representing a decrease of approximately RMB11.6 million or 35.0% as compared with that of approximately RMB33.1 million for Previous Year.

The Group's adjusted profit for the year excluding Listing expenses is as below:

	2020 <i>RMB million</i>	2019 <i>RMB million</i>
Profit before income tax	33.5	52.9
Add: non-recurring Listing expenses	—	10.8
Profit before income tax excluding Listing expenses	33.5	63.7
Income tax expense	(12.0)	(19.8)
Profit for the year excluding Listing expenses	<u>21.5</u>	<u>43.9</u>
Net profit margin excluding Listing expenses	<u>1.1 %</u>	<u>2.1 %</u>

During the Year, the profit excluding Listing expenses decreased by 51.0%, which was resulted from the decrease in the sales volume of the Group during the Year. Meanwhile, owing to the decrease in the sales volume of new vehicles, the incentive rebates provided by automobile manufacturers also decreased accordingly, which constituted part of the decline of the Group's gross profit.

Income tax expenses

For the Year 2020, the income tax of the Group was approximately RMB12.0 million (the Year 2019: RMB19.8 million). The decrease was primarily due to the decrease in taxable income. The effective tax rate for the Year and Previous year was approximately 35.8% and 37.4%, respectively.

The Group's effective tax rate was higher than the PRC statutory tax rate during the Year and Previous Year. The decrease in the effective tax rate was primarily due to the decrease in the profit before tax for the year.

Liquidity, financial resources and capital structure

The Group continues to adhere to the principle of prudent financial management and generally meets its working capital requirements by cash flows generated from its operations and short term borrowings.

The Group's gearing ratio, which is total debt divided by total equity, as at 31 December 2020 was approximately 0.8 times (as at 31 December 2019: 1.3 times). The decrease was mainly due to the repayment of the bank and other borrowings during the Year.

The Group's pledged bank deposits and cash and cash equivalents balances as at 31 December 2020 amounted to approximately RMB148.1 million, representing an increase of approximately RMB5.0 million as compared to that of approximately RMB143.1 million as at 31 December 2019.

The Group's bank borrowings as at 31 December 2020 were all denominated in Renminbi. The interest rates ranged from 4.35% to 5.7% per annum.

As at 31 December 2020, the Group's interest-bearing bank and other borrowings amounted to RMB206.7 million, representing a decrease of 31.6% as compared to RMB302.1 million as at 31 December 2019. Short-term loans and borrowings amounted to approximately RMB107.2 million (the Year 2019: RMB302.1 million), and long-term loans and borrowings amounted to approximately RMB99.5 million. (the Year 2019: nil).

Capital expenditures and commitments

As at 31 December 2020, the capital commitments of the Group in connection with building expenditures was approximately RMB2.3 million (as at 31 December 2019: RMB1.2 million).

Foreign exchange

The Group mainly operates in the PRC and the majority of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in RMB. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that the Group should have sufficient resources to meet foreign exchange requirement if they arise. Therefore, the Group did not engage in any derivative contracts to hedge its exposure to foreign exchange risk during the Year 2020.

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2020 (as at 31 December 2019: nil).

Significant investments held

Save as disclosed, the Group had not held any significant investments during the as at 31 December 2020 (as at 31 December 2019: nil).

Future plans for material investments or capital assets

Save as disclosed under the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Group did not have any other plans for material investments or capital assets during the Year 2020 and up to the date of this announcement.

Material acquisitions and disposals

During the Year 2020, the Group did not have any material acquisitions and disposal of subsidiaries, associates and joint ventures (as at 31 December 2019: nil).

Pledge of assets

As at 31 December 2020, the Group’s utilised banking facilities amounting to approximately RMB206.7 million (as at 31 December 2019: RMB302.1 million) were secured by:

- (i) certain of the Group’s merchandised goods amounting to approximately RMB11.4 million as at 31 December 2020 (as at 31 December 2019: RMB112.2 million);
- (ii) the Group’s buildings, which a net carrying amount of approximately RMB7.7 million as at 31 December 2020 (as at 31 December 2019: RMB8.4 million);
- (iii) the Group’s right of use assets, which a net carrying amount of approximately RMB10.6 million as at 31 December 2020 (as at 31 December 2019: RMB11.1 million);
- (iv) pledged deposit of approximately RMB10.0 million for bank loans as at 31 December 2020 (as at 31 December 2019: RMB24.8 million);
- (v) the Group’s bills payables were secured by pledged deposits of approximately RMB97.6 million for bills payables as at 31 December 2020 (as at 31 December 2019: RMB88.3 million);
- (vi) pledged deposits for others of approximately RMB1.0 million as at 31 December 2020 (as at 31 December 2019: RMB1.0 million).

USE OF NET PROCEEDS FROM LISTING

The Shares were listed on the Main Board of the Stock Exchange on 18 October 2019. The net proceeds from Listing amounted to approximately HK\$105.2 million. For the Year 2020, the net proceeds have been applied in the manner as set out in the section headed “Future Plans and Use Of Proceeds” of the Prospectus. As of 31 December 2020, the Company cumulatively used approximately HK\$33.5 million, accounting from approximately 31.8% of the proceeds from Listing. The Company expects to utilise the balance of net proceeds of approximately HK\$71.7 million by the end of 2022.

	Estimated use of Proceeds HK\$ million	Adjusted use of proceeds* HK\$ million	Remaining net proceeds as at 31 December 2019 HK\$ million	Actual used net proceeds for the year ended 31 December 2020 HK\$ million	Unutilised up to 31 December 2020 HK\$ million	Expected timeline of full utilisation of the remaining proceeds from Listing as at 31 December 2020
Organic growth of the Group’s expansion network	33.4	32.7	30.2	23.5	6.7	By the end of 2021 ^(Note 1)
Selective acquisition	27.4	26.8	26.8	—	26.8	By the end of 2022 ^(Note 2)
Expansion of the Group’s other integrated auto services	30.2	29.6	29.4	1.1	28.3	By the end of 2021 ^(Note 3)
Big data analysis and online marketing	11.0	10.7	10.7	0.8	9.9	By the end of 2021 ^(Note 4)
General working capital	5.5	5.4	—	—	—	N/A
Total	<u>107.5</u>	<u>105.2</u>	<u>97.1</u>	<u>25.4</u>	<u>71.7</u>	

* The net proceeds from Listing, after deducting the Listing expenses of approximately HK\$29.8 million, amounted to approximately HK\$105.2 million, which is slightly lower than the estimated net proceeds of approximately HK\$107.5 million as disclosed in the Prospectus. The difference of approximately HK\$2.3 million has been adjusted in the same manner and in the same proportion to the use of proceeds as disclosed in the section headed “Future Plans And Use Of Proceeds” in the Prospectus.

Notes:

1. During the Year, the Group has opened the first outlet for Cadillac and has renovated an existing 4S dealership outlet into a Jetta brand outlet, which the net proceeds have been applied in the same manner as stated in the Prospectus. Regarding the plan of opening a new energy vehicle megastore, due to the Pandemic, the development had come to a halt and the overall utilisation of net proceeds for the Group's expansion was therefore delayed. The Group is now resuming the process of sourcing brands and locating suitable sites. It is expected that the unutilised net proceeds for organic growth of the Group's expansion network will be fully used by 31 December 2021.
 2. The Group has planned to finance our network's expansion through selective acquisition of other automobile dealership outlets if suitable opportunities arise. In light of the overall economic downturn in 2020 due to the outbreak of the Pandemic, the Board took a caution approach in identifying suitable automobile dealership outlets that are worth their value for acquisition or investment in order to maximise the returns to the Company and its shareholders. Owing to unavailability to source the suitable target for acquisition, the use of net proceeds for the selective acquisition was delayed accordingly. In any event, the Company is still on the lookout of appropriate acquisition or investment targets in Zhongshan and in the Greater Bay Area. It is expected that the unutilised net proceeds for the selective acquisition will be fully used by 31 December 2022.
 3. During the Year, the Group has established the first used vehicle ownership transfer service center in March 2020 providing services such as trading of used vehicles and transfer of vehicle ownership. Also, some of the net proceeds had been utilised by the subsidiary of the Group, Guangdong Chuangcheng Car Insurance Agency Co., Ltd* 廣東創誠汽車保險代理有限公司 (“**Guangdong Chuangcheng**”), which was in the process of relocation and environmental upgrade. The relocation is expected to be finished in the first quarter of 2021. After the relocation, Guangdong Chuangcheng will focus on the sales and marketing of the Group's insurance agency services including auto and non-auto related insurance products in Zhongshan, as stated in the Prospectus. The Group planned to open around 20 additional quick fix auto centres in Zhongshan and the nearby Greater Bay Area by the end of 2021. The Group is in the course of locating suitable sites for construction and the unutilised net proceeds for the expansion of the Group's other integrated auto services are expected to be fully used by 31 December 2021.
 4. During the Year, the Group has utilised part of the net proceeds in optimising and upgrading our information technology system, namely the Centenary United Big Data Intelligence System (“**CUBDIS**”), to facilitate big data analysis and the integration of our online and offline customer services. The Group was in the initial stage of constructing CUBDIS, which mainly focused on data collection and sampling in customer experience. The Group planned to finalise the setup of CUBDIS by the end of the Year. However, due to the business operation was severely impacted by the outbreak of the Pandemic, the development process was postponed correspondingly. In addition, several technical problems were encountered during the process of constructing CUBDIS which further hindered the progress. Extra time will be needed to tackle the challenges in respect of applicability and technology. Establishment of online membership system and customer relation management system will be launched after the data collection and analysis on customer base have been finalised. Despite the extension of timeline in constructing CUBDIS, all the net proceeds for big data analysis and online marketing will still be utilised in the same manner as stated in the Prospectus, which the unutilised net proceeds are expected to be fully used by 31 December 2021.
- * The English name of the above company represents the best effort made by the Directors to translate the Chinese name as the above company has not been registered with any official English name.

The remaining unutilised net proceeds as at 31 December 2020 were held in bank. Save as disclosed, it is intended that they will be applied in the manner consistent with the proposed allocations as set out in the Prospectus and there was no material change or delay in the use of proceeds. Given the impacts of the Pandemic on the economy, the Company will continue to evaluate and adopt a prudent and flexible approach for utilising the net proceeds effectively and efficiently for the long-term benefit and development of the Group. The expected timeline of full utilisation is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of market conditions.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group had a total workforce of approximately 837 employees (2019: 927). Most of the Group's employees were located in the PRC. The Group offered its staff with competitive remuneration packages. In addition, the Group conducts annual review on salary increment, discretionary bonuses and promotions based on the performance of each employee. During the Year, the Group did not experience any significant problems with its employees due to labour disputes nor did it experience any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

The Board has the general power of determining the Directors' remuneration, subject to authorisation of the shareholders of the Company at the annual general meeting each year. The remuneration of the executive Directors is subject to review by the remuneration committee ("**Remuneration Committee**") of the Company, and their remuneration is determined with reference to the Directors' qualifications, experience, duties, responsibilities and performance and results of the Group. As for the independent non-executive Directors' remuneration, is determined by the Board, upon recommendation from the Remuneration Committee.

The Company has adopted a share option scheme ("**Share Option Scheme**") as an incentive to Directors and full-time employees of the Group.

EVENTS AFTER THE BALANCE DATE

Save as disclosed, no event has occurred after 31 December 2020 and up to the date of this announcement which would have a material effect on the Group.

ANNUAL GENERAL MEETING

The annual general meeting ("**AGM**") of the Company will be held on 20 May 2021. A notice convening the AGM together with the circular of the Company will be published on the Company's website and the Stock Exchange website and dispatched to the shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

DIVIDEND

The interim dividend for Year 2020 was HK 2 cents per Share (the Year 2019: nil).

The Board does not recommend the payment of any final dividend for the Year 2020 (the Year 2019: nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 14 May 2021 (Friday) to 20 May 2021 (Thursday), both dates inclusive, during which period no transfer of the Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on 13 May 2021 (Thursday).

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules ("**CG Code**") upon Listing and has complied with the code provisions since then and up to 31 December 2020, except in relation to provision A.2.1 of the CG Code where the roles of the Group's chairman and chief executive officer ("**CEO**") are both performed by Mr. Law. Provision A.2.1 of the CG Code requires that the roles of chairman and CEO should be separate and should not be performed by the same individual. Mr. Law has been responsible for overall strategic planning and management of the Group since the Group was founded in 1999. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, both of which comprise experienced and high-calibre individuals. The Board currently comprises three executive Directors (including Mr. Law), one non-executive Director and three independent non-executive Directors, and therefore has a strong independence element in its composition.

Save as disclosed above and those disclosed in the corporate governance report in the 2019 annual report of the Company, none of the Directors is aware of any information which would reasonably indicate that the Company has not complied with the code provisions as set out in the CG Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions conducted by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own Code of Conduct for securities transactions conducted by relevant Directors. After making specific enquires to all Directors, each of the Directors has confirmed that they have complied with the required standards set out in the Model Code during the period from the date of Listing until 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the period from the date of Listing to 31 December 2020.

MANAGEMENT CONTRACTS

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

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 16 September 2019. The Group granted share options (“**Share Options**”) to Directors and certain employees on 21 May 2020 to subscribe for a total of 19,500,000 Shares with the exercise price of HK\$0.48 per Share. Details of the grant of Share Options on 21 May 2020 are set out in an announcement of the Company dated 21 May 2020.

Based on the valuation report of an independent valuer, the aggregate estimated fair value of the Share Options granted on 21 May 2020 under the Share Option Scheme was approximately HK\$3,429,000. The measurement date used in the valuation calculations was the date on which the Share Options were granted.

As at 31 December 2020, 19,500,000 Share Options were still outstanding under the Share Option Scheme.

The purpose of the Share Option Scheme is to provide any Director and full-time employees of any member of the Group (“**Participants**”) with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and the shareholders as a whole. The Share Option Scheme will provide the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Participants.

The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 50,000,000 (being 10% of the Shares in issue as at 18 October 2019 when the Shares first commenced dealing on the Stock Exchange) (the “**General Scheme Limit**”). Subject to the approval of shareholders in general meeting, the Company may refresh the General Scheme Limit to the extent that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options scheme of the Group as refreshed must not exceed 10% of the Shares in issue as at the date of approval provided that the options previously granted will not be counted for purpose of calculating the General Scheme Limit as renewed.

The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the Shares in issue from time to time.

The total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme (including both exercised, cancelled or outstanding options) to each Participant in any 12-month period shall not exceed 1% of the Shares in issued. The subscription price for Shares under the Share Option Scheme will be a price determined by the Board, but shall not be less than the higher of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares on the date of grant.

The Share Option Scheme will remain in force for a period of 10 years from 16 September 2019.

The following table disclosed movements in the Share Options during the Year 2020:

	Date of grant	Exercise period (Note 1)	Exercise price (HK\$)	Number of options at 01/01/2020	Movements during the year ended 31 December 2020			Number of options at 31/12/2020
					Granted	Exercised	Lapsed	
Directors								
Mr. Law Hau Kit	21/05/2020	21/05/2021 to 20/05/2025	0.48	—	1,200,000	—	—	1,200,000
		21/05/2022 to 20/05/2025	0.48	—	900,000	—	—	900,000
		21/05/2023 to 20/05/2025	0.48	—	900,000	—	—	900,000
			—	3,000,000	—	—	3,000,000	
Mr. Chen Shaoxing	21/05/2020	21/05/2021 to 20/05/2025	0.48	—	400,000	—	—	400,000
		21/05/2022 to 20/05/2025	0.48	—	300,000	—	—	300,000
		21/05/2023 to 20/05/2025	0.48	—	300,000	—	—	300,000
			—	1,000,000	—	—	1,000,000	
Ms. Li Huifang	21/05/2020	21/05/2021 to 20/05/2025	0.48	—	400,000	—	—	400,000
		21/05/2022 to 20/05/2025	0.48	—	300,000	—	—	300,000
		21/05/2023 to 20/05/2025	0.48	—	300,000	—	—	300,000
			—	1,000,000	—	—	1,000,000	
Mr. Woo King Hang	21/05/2020	21/05/2021 to 20/05/2025	0.48	—	400,000	—	—	400,000
		21/05/2022 to 20/05/2025	0.48	—	300,000	—	—	300,000
		21/05/2023 to 20/05/2025	0.48	—	300,000	—	—	300,000
			—	1,000,000	—	—	1,000,000	
Ms. Yan Fei	21/05/2020	21/05/2021 to 20/05/2025	0.48	—	200,000	—	—	200,000
		21/05/2022 to 20/05/2025	0.48	—	150,000	—	—	150,000

	Date of grant	Exercise period (Note 1)	Exercise price (HK\$)	Number of options at 01/01/2020	Movements during the year ended 31 December 2020			Number of options at 31/12/2020
					Granted	Exercised	Lapsed	
		21/05/2023 to 20/05/2025	0.48	—	150,000	—	—	150,000
				—	500,000	—	—	500,000
Mr. Li Wai Keung	21/05/2020	21/05/2021 to 20/05/2025	0.48	—	200,000	—	—	200,000
		21/05/2022 to 20/05/2025	0.48	—	150,000	—	—	150,000
		21/05/2023 to 20/05/2025	0.48	—	150,000	—	—	150,000
				—	500,000	—	—	500,000
Mr. Hui Chun Tak	21/05/2020	21/05/2021 to 20/05/2025	0.48	—	200,000	—	—	200,000
		21/05/2022 to 20/05/2025	0.48	—	150,000	—	—	150,000
		21/05/2023 to 20/05/2025	0.48	—	150,000	—	—	150,000
				—	500,000	—	—	500,000
Total Directors				—	7,500,000	—	—	7,500,000
Employees	21/05/2020	21/05/2021 to 20/05/2025	0.48	—	4,800,000	—	—	4,800,000
		21/05/2022 to 20/05/2025	0.48	—	3,600,000	—	—	3,600,000
		21/05/2023 to 20/05/2025	0.48	—	3,600,000	—	—	3,600,000
Total Employees				—	12,000,000	—	—	12,000,000
Total				—	19,500,000	—	—	19,500,000

Note:

(1) *The Share Options, granted on 21 May 2020 are exercisable from 21 May 2021 to 20 May 2025 (both days inclusive) in the following manner:*

- (i) *From 21 May 2021 to 20 May 2025: can exercise no more than 40% of the total Share Options;*
- (ii) *From 21 May 2022 to 20 May 2025: can exercise no more than 30% of the total Share Options; and*
- (iii) *From 21 May 2023 to 20 May 2025: can exercise no more than 30% of the total Share Options.*

APPOINTMENT OF NON-EXECUTIVE DIRECTOR AND RETIREMENT AND APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS DURING THE YEAR ENDED 31 DECEMBER 2020

At the annual general meeting held on 20 May 2020 (“**AGM 2020**”), Mr. Woo King Hang (“**Mr. Woo**”) was appointed as the vice chairman (“**Vice chairman**”) of the Board and a non-executive Director while Mr. Hui Chun Tak (“**Mr. Hui**”) was appointed as an independent non-executive Director. Mr. Chang Eric Jackson (“**Mr. Chang**”) has been retired from the Board and ceased to be the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the nomination committee (“**Nomination Committee**”) of the Company with effect from the conclusion of the AGM 2020.

The latest profile of Mr. Woo and Mr. Hui are as follow:

Mr. Woo King Hang

Mr. Woo, aged 59, has extensive experience in financial and business management. Mr. Woo has been an assistant to chairman of the Board of the Company since February 2020, and was appointed as vice chairman and non-executive Director at 20 May 2020, while he ceased to be assistant to chairman of the Board.

Mr. Woo has been an independent non-executive director of Hans Energy Company Limited (HKEX Stock Code: 554) since June 2019. He was an executive director of Bamboos Health Care Holdings Limited (HKEX Stock Code: 2293) (“**Bamboos HCHL**”) from May 2019 to July 2019, and was previously the general manager of Bamboos Professional Nursing Services Limited, a wholly owned subsidiary of Bamboos HCHL from April 2019 to May 2019. Mr. Woo also worked for Hip Hing Construction Company Limited (“**Hip Hing**”) and NWS Service Management Limited (“**NWSSM**”), both wholly owned subsidiaries of NWS Holdings Limited (HKEX Stock Code: 659) (“**NWSHL**”). He was a project controller of NWSSM from January 2019 to April 2019 and served as a financial controller from February 2006 to June 2010 and an executive director from July 2010 to December 2018 in Hip Hing.

He is a fellow member of each of the Institute of the Chartered Accountants in England and Wales, the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Certified Public Accountants. Mr. Woo holds a Master of Business Administration from Kellogg Graduate School of Management, Northwestern University and the Hong Kong University of Science and Technology; a Bachelor of Laws from Peking University; and a Master of Laws from the City University of Hong Kong. Mr. Woo is a member of the panel of assessors and the Health Committee of the Medical Council of Hong Kong, the Chiropractors Council, the Chinese Medicine Practitioners Board of the Chinese Medicine Council of Hong Kong, the Advisory Committee on Admission of Quality Migrants and Professionals and the disciplinary committee of the Hong Kong Institute of Certified Public Accountants. He is also a council member of the Hong Kong Chinese Orchestra and the vice chairman of the Hong Kong PHAB Association.

Mr. Woo was a director of Bell Tea Overseas Limited (previously also known as Hip Hing Overseas Limited) (“**BTO**”) from 2 July 2010 to 18 October 2018. BTO was a wholly owned subsidiary of NWSHL and incorporated in Hong Kong on 13 April 1993 and was principally engaged in the business of construction overseas. On 19 September 2018, a winding up order (the “**Order**”) was granted by the High Court of Hong Kong (the “**High Court**”) on BTO. Mr. Woo confirmed that the Order was in relation to the non-payment for a sum arising from an arbitration case involving contractual dispute relating to the construction works of a building in Dubai which commenced in or about 2007 and was completed in or about 2011 between the petitioner of the Order and a joint venture entity (the “**Joint Venture**”) in which BTO had 30% interests. An award (the “**Award**”) was granted by an arbitration institution in Dubai in favor of the said petitioner, which then enforced the whole amount of the Award in the High Court against, among others, BTO. Mr. Woo further confirmed that he was not involved in any of the matters concerning the operations of the Joint Venture, the construction works or the said arbitration or matters leading to the granting of the Order.

Mr. Woo will assist the chairman of the Board in the formulation and development of corporate strategies. It is believed that his Hong Kong local background in education, business management, professional expertise and relationship will supplement the skill sets of the existing executive Directors, forming a more balanced and versatile leadership team of the Group and enhancing the corporate social responsibilities of the Group as well.

The Company has entered into a contract of appointment with Mr. Woo, pursuant to which Mr. Woo has been appointed as the Vice Chairman and a non-executive Director for an initial term of three years from the date of the AGM 2020 to 19 May 2023, subject to retirement by rotation of directors as set out in the Company’s amended and restated memorandum of association and the amended and restated articles of association (the “**Memorandum and Articles**”). Mr. Woo will be entitled to a fee as determined by the Remuneration Committee and to be approved by the Board with the authorisation granted by the shareholders at the AGM. His emolument of HK\$360,000 per annum is determined by the Board having regard to his responsibilities, experience, performance and the prevailing market conditions.

Mr. Hui Chun Tak

Mr. Hui, aged 57, is currently working as the administration director for Transport International Holdings Limited, a leading public transport operator in Hong Kong and the PRC (“**TIH**”) (HKEX Stock Code 62). Mr. Hui started his police career as an Inspector in 1986 and had worked in various key command, operational and management posts. As a superintendent, he was seconded to the office of the Chief Executive of Hong Kong (the “**Chief Executive**”) and served as the aide-de-Camp to the Chief Executive from 2007 to 2010. He became a directorate officer in 2014 and worked in succession as chief superintendent, Police Public Relations Branch; district commander, Sham Shui Po Police District; Chairman, chief inspector to Superintendent Promotion Board; and finally the assistant commissioner, Information Systems, in which capacity he retired and received the Police Distinguished Service Medal in 2018.

Mr. Hui holds a master’s degree in general management from Macquarie University, Australia. He had also undertaken many leadership, command and management programmes at the Chinese Academy of Governance, Tsinghua University and the John F. Kennedy School of Government, Harvard University, the United States of America. Mr. Hui was appointed executive director of Sun Bus Limited (“**SBL**”) from 1 January 2019 to 19 June 2019 and administration director of TIH since 1 April 2019. SBL is a wholly owned subsidiary of TIH.

It is believed that the experience of Mr. Hui in media relationship, information technology, operations and risk management will enable him to provide valuable contribution to the Board in those areas.

The Company has entered into a contract of appointment with Mr. Hui, pursuant to which Mr. Hui has been appointed as an independent non-executive Director for an initial term of three years from the date of the AGM 2020 to 19 May 2023, subject to retirement by rotation of directors as set out in the Memorandum and Articles. Mr. Hui will be entitled to a fee as determined by the Remuneration Committee and to be approved by the Board with the authorisation granted by the shareholders at the AGM. His emolument of HK\$120,000 per annum is determined by the Board having regard to his responsibilities, experience, performance and the prevailing market conditions. Further, Mr. Hui was also appointed as the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee with effect from 20 May 2020.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, at least 25% of the Company's Shares in issue were held by the public as at the date of this announcement.

AUDIT COMMITTEE

The Company has an audit committee (the "**Audit Committee**") which was established in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee has three members comprising three independent non-executive Directors, being Mr. Li Wai Keung ("**Mr. Li**"), Mr. Hui Chun Tak and Ms. Yan Fei. The Audit Committee is chaired by Mr. Li, who has appropriate professional qualifications and experience as required by Rule 3.10(2) of the Listing Rules.

The Audit Committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2020 and the financial statements for the year ended 31 December 2020 prepared in accordance with the IFRSs.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year 2020 as set out in this preliminary announcement have been agreed by the Group's auditor, Ernst & Young ("**EY**"), to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by EY 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 EY on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement for the Year has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.car2000.com.cn), and the annual report for the Year 2020 containing all the information required by the Listing Rules will be dispatched to the shareholders and published on the aforesaid websites of the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our loyal shareholders, partners and customers for their continuous support and to our staff for their dedication.

By order of the Board
Centenary United Holdings Limited
Law Hau Kit
*Chairman, Executive Director and
Chief Executive Officer*

Hong Kong, 26 March 2021

As at the date of this announcement, the executive Directors are Mr. Law Hau Kit, Mr. Chen Shaoxing and Ms. Li Huifang; the non-executive Director is Mr. Woo King Hang; and the independent non-executive Directors are Mr. Li Wai Keung, Mr. Hui Chun Tak and Ms. Yan Fei.