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**CHONG KIN GROUP HOLDINGS LIMITED**  
**創建集團（控股）有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1609)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Chong Kin Group Holdings Limited (the “**Company**”) is pleased to present the audited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2022 (the “**Year**”) together with the comparative figures for the year ended 31 March 2021 as follows:

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>	3	<b>344,173</b>	67,323
Cost of services		<u>(298,556)</u>	<u>(85,541)</u>
<b>Gross profit/(loss)</b>		<b>45,617</b>	(18,218)
Other income	5	<b>78</b>	71,187
Administrative and other operating expenses		<b>(28,296)</b>	(36,169)
Gain on derecognition of contingent consideration receivable	13	–	13,451
Gain on disposal of subsidiaries	21	–	67,560
Impairment losses of financial assets	7	<b>(35,358)</b>	–
Finance costs	6	<b>(366)</b>	<u>(5,207)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		<b>(18,325)</b>	92,604
Income tax expense	8	<b>(4,384)</b>	<u>(1,885)</u>
<b>(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>(22,709)</b>	90,719
<b>DISCONTINUED OPERATIONS</b>			
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	11	<u>(136,470)</u>	<u>(237,394)</u>
<b>LOSS FOR THE YEAR</b>	7	<u>(159,179)</u>	<u>(146,675)</u>
<b>Other comprehensive (expenses)/income for the year, net of tax:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of foreign operations		<b>256</b>	31,438
Share of exchange translation difference of an associate		<b>32</b>	277
Exchange differences reclassified to profit or loss on disposal of subsidiaries		<u>(15,192)</u>	<u>–</u>
<b>OTHER COMPREHENSIVE (EXPENSES)/ INCOME FOR THE YEAR, NET OF TAX</b>		<u>(14,904)</u>	<u>31,715</u>
<b>TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR</b>		<u><b>(174,083)</b></u>	<u>(114,960)</u>

<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO:</b>		
<b>Owners of the Company</b>		
(Loss)/profit from continuing operations	(22,709)	90,719
Loss from discontinued operations	<u>(135,574)</u>	<u>(226,781)</u>
<b>Loss attributable to owners of the Company</b>	<u>(158,283)</u>	<u>(136,062)</u>
<b>Non-controlling interests</b>		
Loss from continuing operations	–	–
Loss from discontinued operations	<u>(896)</u>	<u>(10,613)</u>
<b>Loss attributable to owners of non-controlling interests</b>	<u>(896)</u>	<u>(10,613)</u>
	<u>(159,179)</u>	<u>(146,675)</u>
<b>TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR ATTRIBUTABLE TO:</b>		
Owners of the Company	(173,486)	(106,337)
Non-controlling interests	<u>(597)</u>	<u>(8,623)</u>
	<u>(174,083)</u>	<u>(114,960)</u>
	<i>HK\$'cents</i>	<i>HK\$'cents</i>
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
9		
<b>From continuing and discontinued operations</b>		
– Basic and diluted	<u>(14.71)</u>	<u>(13.44)</u>
<b>From continuing operations</b>		
– Basic and diluted	<u>(2.11)</u>	<u>8.96</u>
<b>From discontinued operations</b>		
– Basic and diluted	<u>(12.60)</u>	<u>(22.40)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>1,909</b>	19,685
Properties under development		–	183,020
Right-of-use assets		<b>7,697</b>	12,246
Goodwill	12	–	20,112
Finance lease receivables	14	–	29,935
Investment in an associate		–	11,628
		<u><b>9,606</b></u>	<u>276,626</u>
<b>CURRENT ASSETS</b>			
Inventories		–	28,219
Financial assets at fair value through profit or loss		<b>2,061</b>	3,166
Finance lease receivables	14	–	95,449
Loan and interest receivables	15	<b>162,906</b>	120,000
Trade and other receivables	16	<b>272,566</b>	76,146
Amount due from a non-controlling shareholder of a subsidiary		–	25,524
Other receivable from profit guarantee arrangement	13	–	101,973
Contract assets	17	<b>55,715</b>	–
Current income tax recoverable		–	2
Bank and cash balances		<b>200,372</b>	147,549
		<u><b>693,620</b></u>	<u>598,028</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	<b>87,535</b>	45,881
Amount due to a director		–	1
Contract liabilities	17	<b>16,747</b>	–
Borrowings	19	–	66
Lease liabilities		<b>4,028</b>	6,261
Current income tax liabilities		<b>7,680</b>	3,862
		<u><b>115,990</b></u>	<u>56,071</u>
<b>NET CURRENT ASSETS</b>		<u><b>577,630</b></u>	<u>541,957</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>587,236</b></u>	<u>818,583</u>

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<u>3,934</u>	<u>2,689</u>
		<u>3,934</u>	<u>2,689</u>
<b>NET ASSETS</b>		<b><u>583,302</u></b>	<b><u>815,894</u></b>
<b>CAPITAL AND RESERVES</b>			
Share capital	20	<b>10,954</b>	10,875
Reserves		<u>572,348</u>	<u>790,499</u>
<b>Equity attributable to owners of the Company</b>		<b>583,302</b>	801,374
Non-controlling interests		<u>–</u>	<u>14,520</u>
<b>TOTAL EQUITY</b>		<b><u>583,302</u></b>	<b><u>815,894</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 1. GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of its subsidiaries are (i) provision of concrete placing and other ancillary services (the “**Concrete Placing**”) as a subcontractor for both public and private sector projects, including building and infrastructure related projects (“**Concrete Placing Business**”) and (ii) provision of loan finance business in Hong Kong.

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

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

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

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

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

### New/Revised HKFRSs

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

## Annual Improvements to HKFRSs 2018–2020 Cycle

HKFRS 9	Fees in the ‘10 per cent’ test for derecognition of financial liabilities <sup>^</sup>
HKFRS 16	Lease incentives <sup>^</sup>
HKAS 41	Taxation in fair value measurements <sup>^</sup>

<sup>^</sup> Effective for accounting period beginning on or after 1 January 2022

<sup>+</sup> Effective for accounting period beginning on or after 1 January 2023

<sup>#</sup> No mandatory effective date yet determined but available for adoption

### 3. REVENUE

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

#### Disaggregation of revenue from contracts with customers

Segments	2022	
	Concrete placing <i>HK\$’000</i>	Total <i>HK\$’000</i>
<b>Geographical markets</b>		
Hong Kong	<u>330,724</u>	<u>330,724</u>
Total	<u><u>330,724</u></u>	<u><u>330,724</u></u>
<b>Major products/service</b>		
Concrete placing services and other ancillary services	<u>330,724</u>	<u>330,724</u>
Total	<u><u>330,724</u></u>	<u><u>330,724</u></u>
<b>Timing of revenue recognition</b>		
At a point in time	–	–
Over time	<u>330,724</u>	<u>330,724</u>
Total	<u><u>330,724</u></u>	<u><u>330,724</u></u>

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

#### Concrete placing services and other ancillary services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services. A certain percentage of payments is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

#### 4. SEGMENT INFORMATION

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

For the year ended 31 March 2022, the Group's operating and reportable segments were: (i) provision of concrete placing services and other ancillary services in Hong Kong (“**Concrete placing**”) and (ii) provision of loan finance in Hong Kong (“**Loan finance**”). The CODM considered the Group had two operating and reportable segments which were based on the internal organisation and reporting structure. This was the basis upon which the Group was organised.

For the year ended 31 March 2021, the Group's operating and reportable segments were: (i) Concrete placing in Hong Kong; (ii) sales of new energy vehicles and provision of logistics related services and car leasing services and provision of finance leasing services in Mainland China (“**NEV and Logistics and finance leasing services**”); (iii) remittance and foreign currency exchange services in United Kingdom and provision of loan finance in Hong Kong (“**Remittance and foreign currency exchange services and money lending**”); and (iv) Real estate development in Grenada. The CODM considers the Group has four operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.



During the year ended 31 March 2022, the operating segments, including (i) NEV and Logistics and finance leasing services, (ii) Remittance and foreign currency exchange services and (iii) Real estate development were disposed and discontinued. The segment information reported does not include any amounts for these discontinued operations, which are described in detail in Note 11.

**(a) Segment revenue and results**

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

	Continuing operations			Discontinued operations				Total HK\$'000
	Concrete placing HK\$'000	Loan finance HK\$'000	Subtotal HK\$'000	NEV and Logistics and finance leasing services HK\$'000	Remittances and foreign currency exchange services HK\$'000	Real estate development HK\$'000	Subtotal HK\$'000	
<b>For the year ended 31 March 2022</b>								
Revenue from external customers	330,724	13,449	344,173	12,611	44	961	13,616	357,789
Segment profit/(loss)	27,591	12,710	40,301	(10,732)	(4,494)	(70,868)	(86,094)	(45,793)
Unallocated other income			78				-	78
Unallocated expenses			(23,806)				(1,820)	(25,626)
Impairment losses			(34,532)				-	(34,532)
Loss on disposal of subsidiaries			-				(48,556)	(48,556)
Finance costs			(366)				-	(366)
Loss before taxation			<u>(18,325)</u>				<u>(136,470)</u>	<u>(154,795)</u>
	Continuing operations			Discontinued operations				
	Concrete placing HK\$'000	Loan finance HK\$'000	Subtotal HK\$'000	NEV and Logistics and finance leasing services HK\$'000	Remittances and foreign currency exchange services HK\$'000	Real estate development HK\$'000	Subtotal HK\$'000	Total HK\$'000
<b>For the year ended 31 March 2021 (Restated)</b>								
Revenue from external customers	62,189	5,134	67,323	61,950	4,161	-	66,111	133,434
Segment (loss)/profit	(22,686)	4,467	(18,219)	(115,039)	3,494	-	(111,545)	(129,764)
Unallocated other income			71,190				8,827	80,017
Unallocated expenses			(36,171)				(136,616)	(172,787)
Gain on derecognition of contingent consideration receivable			13,451				-	13,451
Gain on disposal of a subsidiary			67,560				-	67,560
Finance costs			(5,207)				(850)	(6,057)
Profit/(loss) before taxation			<u>92,604</u>				<u>(240,184)</u>	<u>(147,580)</u>

Segment revenue represents the revenue derived by each segment from external customers. There was no revenue derived from transactions with other operating segments of the Group.

Segment profit/(loss) represents the profit/(loss) earned/(incurred) by each segment without allocation of certain administrative and other operating expenses, other income, gain on derecognition of contingent consideration receivable, (loss)/gain on disposal of subsidiaries, impairment loss, finance costs and unallocated income and expenses. This is the measure reported to CODM for the purpose of resource allocation and performance assessment.

All the segment revenue reported above is from external customers.

**(b) Segment assets and liabilities**

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

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

(c) **Other segment information**

	Continuing operations			Discontinued operations			Subtotal	Unallocated	Total
	Concrete placing	Loan finance	Subtotal	NEV and Logistics and finance leasing services	Remittances and foreign exchange services	Real estate development			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the year ended 31 March 2022</b>									
Amounts included in the measurement of segment profit or loss or segment assets:									
Additions to non-current assets ( <i>Note</i> )	40	460	500	4,595	-	202	4,797	724	6,021
Depreciation of property, plant and equipment	(5)	(529)	(534)	(3,171)	(6)	(158)	(3,335)	(205)	(4,074)
Loss on disposal of property, plant and equipment	-	-	-	(4)	-	-	(4)	-	(4)
Impairment loss on properties under development	-	-	-	-	-	(61,038)	(61,038)	-	(61,038)
Reversal of impairment loss on finance lease receivables	-	-	-	5,536	-	-	5,536	-	5,536
Impairment loss on trade and other receivables	-	(87)	(87)	(8,605)	(966)	-	(9,571)	(23,315)	(32,973)
Impairment loss on loan and interest receivables	-	(739)	(739)	-	-	-	-	-	(739)
Impairment loss on other receivable from profit guarantee arrangement	-	-	-	-	-	-	-	(11,217)	(11,217)
Interest income	-	-	-	564	-	-	564	-	564
Interest expense	-	-	-	(200)	-	(18)	(218)	(366)	(584)
Amounts regularly provided to the CODM but not included in the measurement of segment profit or loss:									
Income tax expense	(4,384)	-	(4,384)	-	-	-	-	-	(4,384)

	Continuing operations			Discontinued operations			Subtotal	Unallocated	Total
	Concrete placing	Loan finance	Subtotal	NEV and Logistics and finance leasing services	Remittances and foreign currency exchange services	Real estate development			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 March 2021 (Restated)									
Amounts included in the measurement of segment profit or loss or segment assets:									
Additions to non-current assets ( <i>Note</i> )	-	-	-	8,105	-	-	8,105	31	8,136
Depreciation of property, plant and equipment	(3,408)	-	(3,408)	(2,541)	-	-	(2,541)	(5,816)	(11,765)
(Loss)/gain on disposal of property, plant and equipment	(3,120)	-	(3,120)	3,525	-	-	3,525	-	405
Impairment loss on goodwill	-	-	-	(119,459)	-	-	(119,459)	-	(119,459)
Impairment loss under expected credit loss model, net of reversal	-	-	-	(93,642)	-	-	(93,642)	-	(93,642)
Written off of prepayments and other receivables	-	-	-	(4,216)	-	-	(4,216)	-	(4,216)
Interest income	60	-	60	2,841	-	-	2,841	43,372	46,273
Interest expense	-	-	-	-	-	-	-	(6,057)	(6,057)
Amounts regularly provided to the CODM but not included in the measurement of segment profit or loss:									
Income tax credit/(expense)	1,411	(28)	1,383	3,088	(283)	-	2,805	(3,283)	905

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

**(d) Geographical information**

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

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

	Revenue		Non-current assets	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
<b>Continuing operations:</b>				
Hong Kong	<u>344,173</u>	<u>67,323</u>	<u>9,606</u>	<u>21,997</u>

**(e) Revenue from major customers**

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

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

## 5. OTHER INCOME

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

*Note:*

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

## 6. FINANCE COSTS

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i> (Restated)
Interest on lease liabilities	<b>366</b>	138
Interest on loan from the former substantial shareholder	–	5,069
	<b>366</b>	5,207

## 7. LOSS FOR THE YEAR

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

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

## 8. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Current tax – Hong Kong Profits Tax		
– Provision for the year	4,384	3,392
– Deferred taxation	–	(1,507)
Income tax expense	<u>4,384</u>	<u>1,885</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity in Hong Kong are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits of the other group entities in Hong Kong are taxed at a flat rate of 16.5%.

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

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

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

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

### (a) From continuing and discontinued operations

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss attributable to owners of the Company	<u>(158,283)</u>	<u>(136,062)</u>
	<b>Number of shares</b>	
	2022 '000	2021 '000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>1,075,713</u>	<u>1,012,331</u>

### (b) From continuing operations

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit attributable to owners of the Company	<u>(22,709)</u>	<u>90,719</u>
	<b>Number of shares</b>	
	2022 '000	2021 '000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>1,075,713</u>	<u>1,012,331</u>

### (c) From discontinued operations

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss attributable to owners of the Company	<u>(135,574)</u>	<u>(226,781)</u>
	<b>Number of shares</b>	
	2022 '000	2021 '000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>1,075,713</u>	<u>1,012,331</u>

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



## 10. DIVIDENDS

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

## 11. DISCONTINUED OPERATIONS

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

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

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

### (a) NEV and Logistics and finance leasing services

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

### (b) Remittances and foreign currency exchange services

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

### (c) Real estate development

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

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

	2022				2021			
	NEV and Logistics and finance leasing services HK\$'000	Remittances and foreign currency exchange services HK\$'000	Real estate development HK\$'000	Total HK\$'000	NEV and Logistics and finance leasing services HK\$'000	Remittances and foreign currency exchange services HK\$'000	Real estate development HK\$'000	Total HK\$'000 (restated)
Revenue	12,611	44	961	13,616	61,950	4,161	-	66,111
Cost of sales	(11,570)	(48)	-	(11,618)	(55,232)	(667)	-	(55,899)
Gross profit/(loss)	1,041	(4)	961	1,998	6,718	3,494	-	10,212
Other income	6,477	529	4	7,010	-	-	-	-
Other gains and losses, net	(314)	-	-	(314)	8,464	769	2	9,235
Selling and distribution expenses	(1,018)	-	-	(1,018)	(2,300)	-	-	(2,300)
Administrative and other operating expenses	(15,383)	(4,053)	(10,777)	(30,213)	(33,880)	(3,882)	(51)	(37,813)
(Loss)/gain on disposal of subsidiaries (Note 21)	(54,513)	(2,102)	8,059	(48,556)	-	-	-	-
Impairment	(3,069)	(966)	(61,038)	(65,073)	(214,232)	-	-	(214,232)
Written-off of prepayments and other receivables	-	-	-	-	(4,216)	-	-	(4,216)
Share of results of an associate	(86)	-	-	(86)	(220)	-	-	(220)
Finance costs	(200)	-	(18)	(218)	(841)	(9)	-	(850)
(Loss)/profit before income tax from discontinued operations	(67,065)	(6,596)	(62,809)	(136,470)	(240,507)	372	(49)	(240,184)
Income tax credit/(expense)	-	-	-	-	3,072	(282)	-	2,790
(Loss)/profit for the year from discontinued operations	<u>(67,065)</u>	<u>(6,596)</u>	<u>(62,809)</u>	<u>(136,470)</u>	<u>(237,435)</u>	<u>90</u>	<u>(49)</u>	<u>(237,394)</u>

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

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

## 12. GOODWILL

	<i>HK\$'000</i>
<b>Cost</b>	
At 1 April 2020	491,171
Exchange differences	<u>41,659</u>
At 31 March 2021 and 1 April 2021	532,830
Disposal of subsidiaries ( <i>Note 21</i> )	<u>(532,830)</u>
At 31 March 2022	<u>–</u>
<b>Accumulated impairment losses</b>	
At 1 April 2020	358,646
Impairment loss recognised for the year	119,459
Exchange differences	<u>34,613</u>
At 31 March 2021 and 1 April 2021	512,718
Disposal of subsidiaries ( <i>Note 21</i> )	<u>(512,718)</u>
At 31 March 2022	<u>–</u>
<b>Carrying amount</b>	
At 31 March 2022	<u><u>–</u></u>
At 31 March 2021	<u><u>20,112</u></u>

### Impairment test

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

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

The recoverable amount of the CGU as at 31 March 2021 was based on its value-in-use calculation using cash flow projections based on financial budgets approved by the management covering a period of 5 years.

Key assumptions used in the calculation of value-in-use were discount rate, growth rate, budgeted revenue, budgeted net profit margin and budget capital expenditures (“**CAPEX**”). The pre-tax discount rate applied to the cash flow projection is 25% in 2021. The CGU’s cash flows beyond the 5-year period are extrapolated using a steady 3.0% growth rate in 2021. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long term growth rate for the relevant industry.

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

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

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

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

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

Based on the valuation report prepared by independent professional valuers, Vision Appraisal and Consulting Limited (“**Vision Appraisal**”) as at 31 March 2021, the recoverable amount of the CGU is approximately HK\$49,907,000, and an impairment loss of approximately HK\$119,459,000 was recognised for the year ended 31 March 2021 in respect of the goodwill included in the CGU.

The national and local government policies on the promotion of new energy vehicles in the PRC is also one of the key assumptions used in estimating the value-in-use which determines the recoverable amount for the CGU. For the year ended 31 March 2021, under the impact of COVID-19 Outbreak and the change in government financial support policies of NEVs in the Mainland China, the NEV and Logistics business in the PRC is continuing to face downward pressure. The business is also affected by macroeconomic performance that is affecting the domestic economy by creating challenges such as structural adjustments and increases in costs. The directors of the Company therefore decided to downsize the Group’s NEV and Logistics business. As a result, further impairment loss on goodwill was recognised for the year ended 31 March 2021.

During the year ended 31 March 2022, the Group entered into a sale and purchase agreement to dispose of the entire equity interest in Stand East and such disposal was completed on 4 November 2021. As such, the goodwill was derecognised during the year ended 31 March 2022. The detailed information of the disposal is described in Note 21.

### 13. OTHER RECEIVABLE FROM PROFIT GUARANTEE ARRANGEMENT

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

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

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

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

The NEV and Logistics business operated by Zhong Jun incurred loss for the financial year ended 31 December 2020. According to the aforesaid profit guaranteed arrangement, the Group was entitled to profit guarantee compensation from the Former Owner which is capped at the total consideration for acquisition of Stand East Group of HK\$458,880,000. Therefore, during the current financial year ended 31 March 2021, the Group derecognised the contingent consideration receivable of carrying amount of approximately HK\$88,522,000 and recognised an other receivable from profit guarantee arrangement at its fair value at initial recognition of approximately HK\$101,973,000, which has been arrived at taking into account the capped amount of the profit guarantee compensation and adjusted for the credit risk from the Former Owner and the fair value of the collateral for the recovery represented by the Company’s ordinary shares issued and payable to the Former Owner but held under the escrow account. The difference of HK\$13,451,000 between the initial measurement amount of the other receivable and the carrying amount of the contingent consideration receivable being derecognised was recognised in profit or loss of the Group for the year ended 31 March 2021, and as at 31 March 2021, the carrying amount of other receivable from profit guarantee arrangement remained at approximately HK\$101,973,000.

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

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

#### 14. FINANCE LEASE RECEIVABLES

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

As at 31 March 2021, certain plant and machinery and motor vehicles were leased out under finance leases. All interest rates inherent in the leases are fixed at the contract date over the lease terms.

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

Finance lease receivables were denominated in RMB.

During the year ended 31 March 2022, the Group entered into a sale and purchase agreement to dispose of the entire equity interest in Stand East and such disposal was completed on 4 November 2021. As such, the finance lease receivables were derecognised during the year ended 31 March 2022. The detailed information of the disposal is described in Note 21.

Note:

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

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

## 15. LOAN AND INTEREST RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Loan receivables	155,000	120,000
Interest receivables	8,645	–
Provision for loss allowance	(739)	–
	<u>          </u>	<u>          </u>
	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>

Notes:

- (i) Loan receivables to the extent of approximately HK\$155,000,000 (2021: HK\$120,000,000), which arise from the loan finance business to independent third parties in Hong Kong, are denominated in HK\$.
- (ii) Loan receivables are repayable with fixed terms ranging from three to eighteen months (2021: seven to eighteen months).
- (iii) As at 31 March 2022, loans receivable of approximately HK\$95,000,000 (2021: HK\$Nil) bearing interests of 12% per annum, are unsecured and expected to be settled by the borrowers within 1 year.
- (iv) As at 31 March 2022, loan receivables of approximately HK\$60,000,000 (2021: HK\$120,000,000) bearing interests of 12% (2021: 12% to 18%) per annum, are secured and expected to be settled by the borrowers within 1 year. These loan receivables are secured by a first legal charge on several industrial properties in Hong Kong (2021: second legal charge on a property in Hong Kong and ordinary shares of a company listed on Hong Kong Stock Exchange).
- (v) The maturity profile of the loan receivables based on maturity date which are not impaired is as follows:

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

## 16. TRADE AND OTHER RECEIVABLES

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

*Note:*

- (i) Trade receivables are past due when a counterparty has failed to make a payment when contractually due. Credit terms granted to customers vary from contract to contract. The credit period granted to customers is 0 to 45 days (2021: 0 to 30 days) from payment application date generally.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–90 days	129,029	8,493
91–180 days	–	1,168
181–365 days	–	1,514
	<u><u>129,029</u></u>	<u><u>11,175</u></u>



## 17. CONTRACT ASSETS AND LIABILITIES

Disclosures of revenue-related items:

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

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

	2022		2021	
	Contract assets <i>HK\$'000</i>	Contract liabilities <i>HK\$'000</i>	Contract assets <i>HK\$'000</i>	Contract liabilities <i>HK\$'000</i>
Increase due to operations in the year	213,176	64,295	–	–
Transfer of contract assets to receivables	(157,531)	–	18,763	–
Transfer of contract liabilities to revenue	–	(80,973)	–	(850)
Disposal of a subsidiary ( <i>Note 21</i> )	–	–	(93,105)	–
Effect of foreign currency exchange difference	–	–	–	39

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

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

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

## 18. TRADE AND OTHER PAYABLES

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

*Note:*

- (i) Advances from Government represent conditional tax incentives from sales of new energy vehicles in the PRC. The tax incentive will be recognised as income upon the approval from the local government.

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

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

## 19. BORROWINGS

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

The average interest rates at 31 March were as follows:

		<b>2022</b>	2021
Bank borrowings		N/A	7%
Loan from former substantial shareholder	(i)	N/A	5%

*Note:*

- (i) The loan from former substantial shareholder, Pioneer Investment Limited, was unsecured, bears interest at a rate of 5% per annum and repayable on demand. The loan from former substantial shareholder was derecognised upon disposal of the respective subsidiaries during the year ended 31 March 2021 (Note 21).

## 20. SHARE CAPITAL

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

*Notes:*

- (i) On 29 December 2020, 4 January 2021, 28 January 2021 and 1 February 2021, pursuant to subscription agreements dated 6 December 2020, 7 December 2020 and 29 December 2020 between the Company and independent subscribers, the Company issued shares amounting to an aggregate of 109,726,000 new ordinary shares of HK\$0.01 each at a price of HK\$2.30 per share to the independent subscribers. Details of the share subscription were contained in the Company's announcements dated 7 December 2020 and 1 February 2021.
- (ii) On 9 June 2021 and 17 June 2021, pursuant to subscription agreements dated 26 April 2021 between the Company and independent subscribers, the Company issued shares amounting to an aggregate of 45,490,000 new ordinary shares of HK\$0.01 each at a price of HK\$5.80 per share to the independent subscribers. During the year ended 31 March 2022, the Group issued 7,902,000 shares to the independent subscribers. Details of the share subscription were contained in the Company's announcements dated 26 April 2021 and 30 April 2021.
- (iii) All the shares issued ranked pari passu in all respects with the then existing shares in issue.

## 21. DISPOSAL OF SUBSIDIARIES

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

Net assets at the date of disposal were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	3,904
Right-of-use assets	207
Other deposits	3,871
Trade and other receivables	117,395
Contract assets	93,105
Cash and bank balances	5,827
Trade and other payables	(6,873)
Amount due to a former director	(40,127)
Borrowings	(131,439)
Lease liabilities	(208)
Income tax liabilities	(43)
	<hr/>
Net assets disposed of	<u>45,619</u>

HK\$'000

**Gain on disposal of subsidiaries**

Consideration	113,169
Net assets disposed of	(45,619)
Release of merger reserve	10
	<hr/>
Gain on disposal	67,560
	<hr/> <hr/>

**Net cash outflow arising on disposal**

Cash consideration received	–
Cash and cash equivalents disposed of	(5,827)
	<hr/>
	(5,827)
	<hr/> <hr/>

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

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

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

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the year ended 31 March 2022 (the “**Year**”), Chong Kin Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”, “**we**”, “**us**”) is principally engaged in operating segments as follows: (i) provision of concrete placing and other ancillary services (the “**Concrete Placing**”) as a subcontractor for both public and private sector projects, including building and infrastructure related projects (“**Concrete Placing Business**”) and (ii) provision of loan finance business in Hong Kong.

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

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

As at the end of this announcement, the Group had also submitted tenders for 10 construction projects. The Group has been also in active discussion with various main contractors with a view to enter more construction projects in the foreseeable future. The Group will continue to utilise its resources to actively provide concrete-related work to the public and private sectors in Hong Kong. The Group will also explore opportunities to expand value-added services for other concrete-related projects and continue to optimise the operating model of the Group’s Concrete Placing Business.

To broaden the income source of the Group, China Golden Holdings Limited, a direct wholly-owned subsidiary of the Company and obtained the money lending licence in Hong Kong, is engaging in loan finance business in Hong Kong (“**Loan Finance Business**”) during the Year and contributed revenue of approximately HK\$13.4 million to the Group. The licensing of money lenders and regulation of money-lending transactions are governed by the Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong. The market of money lending business by licensed money lenders in Hong Kong is keen and competitive. In order to optimise the funding use in business but also to ensure the compliance of the related laws and regulations, the operation team has established a credit policy and loan approval process to minimise the credit risk.

## FINANCIAL REVIEW

### Revenue

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

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

### Gross Profit and Gross Profit Margin

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

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

### Other Income

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

### Administrative and Other Operating Expenses

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



## **Impairment Losses of Financial Assets**

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

## **Finance Costs**

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

## **Income Tax Expense**

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

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

## **Loss for the Year from Continuing Operations**

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

## **Final Dividend**

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

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Liquidity, Financial Resources and Capital Structure**

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

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

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

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

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

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

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

### **Working Capital**

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

### **Gearing Ratio**

Gearing ratio is calculated by dividing all interest-bearing debts by total equity at the year end date and expressed as a percentage. Interest-bearing debts are defined to include payables not incurred in the ordinary course of business. The gearing ratio of the Group as at 31 March 2022 was 1.4% (2021: 1.1%).

## **CAPITAL MANAGEMENT**

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

## **COMMITMENTS**

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

## **FOREIGN EXCHANGE RISK**

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

## **LEGAL PROCEEDINGS**

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

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

## **EMPLOYEES AND REMUNERATION POLICY**

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

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

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

## UPDATE ON THE LISTING STATUS

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

On 4 June 2021, the Company received a letter from The Stock Exchange in relation to its decision (the "**Decision**") on Rule 14.06B of the Listing Rules, under which The Stock Exchange considered that the Company's principal business had been changed to the provision of logistics related services including new energy vehicle sales and leasing, road freight transportation and the provision of finance leasing services of its new energy vehicles (the "**NEV and Logistics and Finance Leasing Business**") after the disposal of Chong Kin Group Limited by the Company to the former controlling shareholder of the Company in January 2021 (the "**Disposal**"), and all of which took place within 27 months. Further, the NEV and Logistics and Finance Leasing Business did not meet the new listing requirements under Rule 8.05 of the Listing Rules. The Stock Exchange considered that the Disposal was part of a series of transactions and arrangements which constituted an attempt to achieve the listing of the NEV and Logistics and Finance Leasing Business and a means to circumvent the new listing requirements under Chapter 8 of the Listing Rules. Therefore, the Disposal, the acquisitions of the NEV and Logistics and Finance Leasing Business by the Company in October 2018 and April 2019 (collectively, the "**Previous Acquisitions**") and the related acquisition of a total of 1,847 new energy vehicles in December 2018 should be treated as if they were one transaction and constitute a reverse takeover under Rule 14.06 of the Listing Rules. The Company had sought a review of the Decision from the Listing Committee.

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

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

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

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

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

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

- (i) to comply with the requirements under Rule 14.54 of the Listing Rules; and
- (ii) to announce all material information for the Company’s shareholders and investors to appraise the Company’s position.

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

## **MATERIAL ACQUISITION AND DISPOSALS**

On 22 October 2021, the Company entered into a share purchase agreement with an independent third party (“**Purchaser**”) under which the Group agreed to sell and the Purchaser agreed to purchase the interests in the entire interest in Stand East Investment Limited (together with its subsidiaries as “**Stand East Group**”), and the entire interest in Blossom Field Trading Develop Limited and 93.34% of the equity interest in 華耀實業(深圳)有限公司 (together with their subsidiaries as “**Hua Yao Group**”) (both Stand East Group and Hua Yao Group as “**Disposal Group**”) and the amount due from Stand East Group to the Company and amounts due from the Hua Yao Group to China Golden Holdings Limited, a directly wholly-owned subsidiary of the Company at a consideration of HK\$180,000,000 (the “**NEV Disposal**”). On 4 November 2021, the NEV Disposal was completed. Disposal Group is engaging in NEV and Logistics and Finance Leasing Business, upon completion of NEV Disposal, the Group cased to engage in NEV and Logistics and Finance Leasing Business.

## **SIGNIFICANT INVESTMENTS**

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

## **CONTINGENT LIABILITIES**

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

## **PURCHASE, SALE AND REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Year.

## **EVENTS AFTER THE REPORTING PERIOD**

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

## **CORPORATE GOVERNANCE CODE**

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

Code provision A.2.1 of the CG Code as set out in Appendix 14 to the Listing Rules states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the resignation of Mr. Ma Chao as the chief executive officer (the “**CEO**”) and co-Chairman of the Company on 29 November 2021, the office of the CEO has been vacated while the role of the chairman of the Company has been performing by Mr. Zhang Jinbing. The Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post of the CEO as appropriate.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

### **Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company for Directors’ securities transactions. In response to a specific enquiry by the Company, all Directors have confirmed that they had fully complied with the requirements of the Model Code during the Year.

### **AUDIT COMMITTEE**

The Company established an Audit Committee on 27 September 2016 in accordance with Rule 3.21 of the Listing Rules with terms of reference aligned with the provision of the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Tam Ping Kuen, Daniel, Dr. Li Yifei (until 28 February 2022), Ms. Chen Weijie and Mr. Zhao Hangen (from 28 February 2022 and onwards). Currently, Mr. Tam Ping Kuen, Daniel is the chairperson of the Audit Committee.

### **REVIEW OF ANNUAL RESULTS**

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

### **SCOPE OF WORK OF INDEPENDENT AUDITOR**

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 March 2022 have been agreed by the Group’s auditors, ZHONGHUI ANDA CPA Limited, to the amounts as set out in the Group’s audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

### **RISK MANAGEMENT AND INTERNAL CONTROL**

With the recommendations of the Risk Management Committee, the Board is responsible for the establishment, maintenance and review of the Group’s risk management and internal control systems. The Board must ensure that the Company establishes and maintains effective risk management and internal control systems to meet the objectives and safeguard the interests of the Shareholders and the assets of the Company.

The Board oversees the Group's overall risk management and internal control systems on an ongoing basis. At the same time, the Group endeavours to identify risks, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The risk management and internal control systems are compatible with the Committee of Sponsoring Organisations of the Treadway Commission (COSO) – Integrated Framework 2013 principles. They are designed to manage rather than eliminate the risk of failures in order to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has established a risk management policy which sets out the process of identification, evaluation and management of the principal risks affecting the business.

1. Each division is responsible for identifying and assessing principal risks within its divisions on a quarterly basis and establishing mitigation plans to manage the risks identified;
2. The senior management is responsible for overseeing the Group's risk management and internal control activities, attending quarterly meetings with each division to ensure principal risks are properly managed, and new or changing risks are identified and documented;
3. The Board is responsible for reviewing and evaluating the effectiveness and adequacy of the Group's risk management and internal controls systems.

The risk management framework, coupled with the internal controls of the Group, ensures that the risks associated with different business units are effectively mitigated and controlled in line with the Group's risk appetite.

The Group does not have an internal audit department, an annual review was conducted to determine whether there is a need for an internal audit department that consists of full-trade recourses. Given the Group's relatively simple corporate and operation structure, as opposed to diverting resources to establish a separate internal audit department, the Board, as supported by the Audit Committee and the Risk Management Committee, is directly responsible for risk management and internal control systems of the Group and for reviewing their effectiveness. The Group engaged an external consultant, CityLinkers Corporate Advisory Services Limited, to perform annual review on risk management and assess the internal control systems, and to make recommendations on improving and strengthening the risk management and internal control systems. No significant area of concerns that may affect the financial, operational, compliance, control and risk management of the Group has been identified by the external consultant. The Board considered the Group's internal control system to be effective and adequate.



## **ANNUAL GENERAL MEETING**

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

## **PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE**

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

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

Hong Kong, 30 June 2022

*As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Zhang Jinbing (Chairman) and Mr. Leung Chi Kwong Joe; and three independent non-executive Directors, namely Mr. Tam Ping Kuen Daniel, Ms. Chen Weijie and Mr. Zhao Hangen.*