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**HONG KONG CHAOSHANG GROUP LIMITED**

**香港潮商集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2322)**

**ANNOUNCEMENT OF RESULTS  
FOR THE YEAR ENDED 31 MARCH 2021**

The board of directors (the “Board”) of Hong Kong ChaoShang Group Limited (the “Company”) is pleased to announce the results of the Company and its subsidiaries (together, the “Group”) for the year ended 31 March 2021, together with comparative figures for the previous financial year, as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2021*

	<i>Note</i>	<b>2021</b> <b><i>HK\$'000</i></b>	2020 <i>HK\$'000</i>
<b>CONTINUING OPERATIONS</b>			
Revenue	<i>3</i>	<b>337,853</b>	238,518
Cost of sales		<u><b>(246,426)</b></u>	<u>(158,628)</u>
Gross profit		<b>91,427</b>	79,890
Other income	<i>5</i>	<b>6,688</b>	4,279
Impairment loss on finance lease receivables		<b>(5,870)</b>	(414)
Impairment loss on trade receivables		<b>(8,157)</b>	(2,570)
(Impairment loss)/Reversal of impairment loss on account receivables from margin clients		<b>(15,348)</b>	617
Impairment loss on factoring receivables		<b>(234)</b>	(278)
Impairment loss on loan and interest receivables		<b>(13,174)</b>	(929)
Impairment loss on deposits and other receivables		<b>(442)</b>	(581)
Loss on changes in fair value of investment property		<b>(115)</b>	(2,128)
Gain/(Loss) on changes in fair value of other financial assets		<b>4,365</b>	(588)
Gain/(Loss) on changes in fair value of held-for- trading investments		<b>279</b>	(38,438)
Loss on disposal of held-for-trading investments		<b>(5,764)</b>	(1,068)
Administrative expenses		<u><b>(74,822)</b></u>	<u>(46,251)</u>
Operating loss from continuing operations		<b>(21,167)</b>	(8,459)
Finance costs		<u><b>(3,242)</b></u>	<u>(1,451)</u>
Loss before taxation from continuing operations	<i>6</i>	<b>(24,409)</b>	(9,910)
Taxation	<i>7</i>	<u><b>960</b></u>	<u>(12,535)</u>
Loss for the year from continuing operations		<u><b>(23,449)</b></u>	<u>(22,445)</u>

	<b>2021</b>	2020
<i>Note</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>DISCONTINUED OPERATION</b>		
Loss for the year	–	(797)
Gain on disposal of equity interest in discontinued operation before release of foreign currency translation reserve, net of income tax	–	1,149
Release of foreign currency translation reserve on discontinued operation upon disposal	–	1,330
	<u>–</u>	<u>1,330</u>
Profit for the year from discontinued operation	–	1,682
	<u>–</u>	<u>1,682</u>
Loss for the year	<b><u>(23,449)</u></b>	<b><u>(20,763)</u></b>
Other comprehensive income/(loss):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
– Exchange differences arising on translation of foreign operations	<u>52,199</u>	<u>(45,093)</u>
Total comprehensive income/(loss) for the year	<b><u>28,750</u></b>	<b><u>(65,856)</u></b>

	<i>Note</i>	<b>2021</b> <b><i>HK\$'000</i></b>	2020 <i>HK\$'000</i>
Loss for the year attributable to:			
Owners of the Company		<b>(23,168)</b>	(19,469)
Non-controlling interests		<b>(281)</b>	(1,294)
		<u>                    </u>	<u>                    </u>
Loss for the year		<b>(23,449)</b>	(20,763)
		<u>                    </u>	<u>                    </u>
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		<b>30,002</b>	(65,366)
Non-controlling interests		<b>(1,252)</b>	(490)
		<u>                    </u>	<u>                    </u>
Total comprehensive income/(loss) for the year		<b>28,750</b>	(65,856)
		<u>                    </u>	<u>                    </u>
<b>LOSS PER SHARE ATTRIBUTABLE TO</b>			
<b>ORDINARY EQUITY HOLDERS OF THE</b>			
<b>COMPANY</b>			
<b>Basic and diluted</b>			
– For loss for the year	<i>9</i>	<b><u>(0.56) cents</u></b>	<b><u>(0.51) cents</u></b>
– For loss from continuing operations	<i>9</i>	<b><u>(0.56) cents</u></b>	<b><u>(0.55) cents</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		48,280	47,903
Investment property		46,374	42,946
Right-of-use assets		10,737	23,438
Intangible assets		21,500	21,500
Goodwill		76,695	76,695
Other non-current assets		230	230
Other financial assets		8,168	356
Finance lease receivables	10	29,901	65,011
Deferred tax assets		9,009	–
		<u>250,894</u>	<u>278,079</u>
<b>Current assets</b>			
Trade and account receivables	11	284,818	294,174
Factoring receivables	12	52,580	26,762
Finance lease receivables	10	83,401	110,867
Loan and interest receivables	13	70,670	72,951
Deposits, prepayments and other receivables		20,231	24,945
Tax recoverable		–	10
Held-for-trading investments		16,843	17,100
Cash held on behalf of clients		41,521	35,787
Cash and bank balances		246,791	183,430
		<u>816,855</u>	<u>766,026</u>
<b>Total assets</b>		<u><b>1,067,749</b></u>	<u><b>1,044,105</b></u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital		82,412	82,412
Reserves		854,492	824,490
Total equity attributable to owners of the Company		936,904	906,902
Non-controlling interests		(12,929)	(11,677)
<b>Total equity</b>		<u><b>923,975</b></u>	<u><b>895,225</b></u>

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bond payable		–	7,800
Retained consideration payable		<b>26,593</b>	33,301
Contract liabilities		–	37
Lease liabilities		–	10,333
Deferred tax liabilities		<b>5,405</b>	5,283
		<u>31,998</u>	<u>56,754</u>
<b>Current liabilities</b>			
Account payables	<i>14</i>	<b>44,994</b>	35,223
Bond and interest payable		<b>7,877</b>	78
Retained consideration payable		<b>8,557</b>	–
Contract liabilities		<b>40</b>	893
Lease liabilities		<b>11,058</b>	13,450
Accruals, other payables and deposit received		<b>28,622</b>	27,237
Amount due to a director		<b>764</b>	2,286
Amount due to non-controlling interests		<b>252</b>	233
Tax payables		<b>9,612</b>	12,726
		<u>111,776</u>	<u>92,126</u>
<b>Total liabilities</b>		<u><b>143,774</b></u>	<u>148,880</u>
<b>Total equity and liabilities</b>		<u><b>1,067,749</b></u>	<u>1,044,105</u>
<b>Net current assets</b>		<u><b>705,079</b></u>	<u>673,900</u>
<b>Total assets less current liabilities</b>		<u><b>955,973</b></u>	<u>951,979</u>

## **1 GENERAL INFORMATION**

Hong Kong ChaoShang Group Limited (the “Company”) is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton II, Bermuda. The principal place of business in Hong Kong is situated at Suite 2202, 22nd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The Company and its subsidiaries (together, the “Group”) are principally engaged in trading, money lending, factoring, finance leasing and was further expanded into financial services through the completion of the acquisition of a company and its subsidiaries which hold licences to carry on Type 1, 2, 4 and 9 regulated activities as defined under the Securities and Futures Ordinance (the “SFO”) on 31 December 2019. The Group also ceased and discontinued the vessel chartering business during the year ended 31 March 2020.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 28 June 2021.

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **2.1 Basis of preparation**

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These consolidated financial statements have been prepared under the historical cost convention, except for investment property, held-for-trading investments and other financial assets that have been measured at fair value.

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

**(a) New and amended standards adopted by the Group:**

The following amendments to standards are mandatory for the Group and have been adopted by the Group for the financial year beginning on 1 April 2020:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Interest Rate Benchmark Reform
HKFRS 3 (Amendments)	Definition of a Business
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

Except for the amendments to HKAS 39, HKFRSs 7 and 9, which are not relevant to the preparation of the Group's consolidated financial statements, the nature and the impact of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) are described below:

*Amendments to HKASs 1 and 8*

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's consolidated financial statements.

### *Amendments to HKFRS 3*

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments did not have any impact on the financial position and performance of the Group.

### *Conceptual Framework for Financial Reporting 2018*

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for the Group's annual period beginning on or after 1 April 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

**(b) *New and amended standards not yet adopted***

The following new and amended standards and interpretations have been issued but are not effective for the financial year beginning 1 April 2020 and have not been early adopted.

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>5</sup>
HKAS 1 (Amendments) and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>5</sup>
HKAS 8 (Amendments)	Definition of Accounting Estimates <sup>5</sup>
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>5</sup>
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use <sup>4</sup>
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract <sup>4</sup>
HKFRS 3 (Amendments)	Reference to the Conceptual Framework <sup>4</sup>
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2 <sup>2</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>6</sup>
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions <sup>1</sup>
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>3</sup>
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts and the related Amendments <sup>5</sup>
Annual Improvements	Annual Improvements to HKFRSs 2018–2020 <sup>4</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 June 2020*

<sup>2</sup> *Effective for annual periods beginning on or after 1 January 2021*

<sup>3</sup> *Effective for annual periods beginning on or after 1 April 2021*

<sup>4</sup> *Effective for annual periods beginning on or after 1 January 2022*

<sup>5</sup> *Effective for annual periods beginning on or after 1 January 2023*

<sup>6</sup> *Effective for annual periods beginning on or after a date to be determined*

### 3 REVENUE FROM CONTINUING OPERATIONS

Revenue represents (i) net invoiced value of goods sold, after allowances for returns and trade discount; (ii) interest income from money lending, factoring, finance leasing and margin financing; (iii) consultancy fee and handling fee income from money lending, factoring and finance leasing; (iv) brokerage commission income from securities dealing; (v) underwriting and placing commission income; and (vi) asset management fee income.

An analysis of the Group's revenue for the year is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Sales of goods	250,605	161,299
Interest income from money lending, factoring, finance leasing and margin financing	44,419	40,285
Consultancy fee and handling fee income from money lending, factoring and finance leasing*	3,713	3,499
Asset management fee income	113	43
Brokerage commission income	4,539	1,026
Underwriting and placing commission income	34,464	32,366
	<u>337,853</u>	<u>238,518</u>
<b>Revenue from contracts with customers within HKFRS 15:</b>		
<i>Recognised at a point of time</i>		
Sales of goods	250,605	161,299
Consultancy fee and handling fee income from money lending, factoring and finance leasing*	3,713	3,499
Brokerage commission income	4,539	1,026
Underwriting and placing commission income	34,464	32,366
	<u>293,321</u>	<u>198,190</u>
<i>Recognised over time</i>		
Asset management fee income	<u>113</u>	<u>43</u>
	<u>293,434</u>	<u>198,233</u>
<b>Revenue from other sources:</b>		
Interest income from money lending, factoring, finance leasing and margin financing calculated using effective interest method	44,419	40,285
	<u>337,853</u>	<u>238,518</u>

- \* *Contract liabilities primarily relate to the Group's unfulfilled performance obligations to transfer goods or services to customers for which consideration has been received at the reporting date. The contract liability is recognised in revenue in the period when performance obligations are fulfilled.*

*During the year, the Group recognised revenue of approximately HK\$889,000 (2020: approximately HK\$1,328,000) from consultancy fee income that was included in contract liabilities at the beginning of the year.*

*As at 31 March 2021, the aggregated amount of the transaction price allocated to the remaining performance obligation under the Group's existing contracts is approximately HK\$40,000 (2020: approximately HK\$930,000). This amount represents revenue expected to be recognised in the future from the consultancy contracts entered into with the Group's customers. The Group will recognise the expected revenue in future when or as the work is completed which is expected to occur over the next year (2020: one to two years).*

#### **4 SEGMENT INFORMATION**

The chief operating decision-maker has been identified as the Board of the Company. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group's operating businesses are structured and managed separately according to the nature of the operations. Each of the Group's reportable segments represents a strategic business unit that is subject to risks and returns that are different from other reportable operating segment.

During the year ended 31 March 2020, the Group expanded its business into financial services and discontinued the business of vessel chartering.

The Group's reportable and operating segments are as follows:

- Trading segment engaged in trading of goods in the PRC;
- Money lending and factoring segment engaged in provision of loan financing in Hong Kong, loan and factoring financing in the PRC;
- Finance leasing segment engaged in provision of finance leasing and sale-leaseback in the PRC; and
- Financial services segment engaged in provision of securities dealing broking, placing, underwriting, margin financing and asset management services in Hong Kong.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit/loss earned by each segment without allocation of incomes or expenses which are not recurring in nature and unrelated to the Group's operating performance, including central administration costs, directors' emoluments, gain/(loss) on changes in fair value of held-for-trading investments, gain/(loss) on changes in fair value of investment property, gain/(loss) on changes in fair value of other financial asset, impairment loss on deposits and other receivables (non-trading nature), gain/(loss) on disposal of held-for-trading investments, gain/(loss) on disposal of subsidiaries, finance costs, exchange gain/(loss), rental income and interest income from cash and bank balances.

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to operating segments other than investment property, held-for-trading investments, other financial assets, cash and bank balances, deferred tax assets and other corporate assets. All liabilities are allocated to operating segments other than retained consideration payable, bond and interest payable, amount due to a director, tax payables, deferred tax liabilities and other corporate liabilities.

The Board assesses the performance of the operating segments based on their underlying operating profit/(loss), which is measured by profit/(loss) before taxation.

**(a) Segment revenue and results**

	Year ended 31 March 2021				Total <i>HK\$'000</i>
	Continuing operations				
Segment revenue and results	Trading <i>HK\$'000</i>	Money lending and factoring <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	
Segment revenue	250,605	19,101	17,095	51,052	337,853
Segment results	(6,116)	2,540	3,497	740	661
Corporate expenses					(25,624)
Operating loss					(24,963)
Corporate income					5,031
Loss on changes in fair value of investment property					(115)
Gain on changes in fair value of other financial assets					4,365
Gain on changes in fair value of held-for-trading investments					279
Loss on disposal of held-for-trading investments					(5,764)
Finance costs					(3,242)
Loss before taxation					(24,409)
Taxation					960
Loss for the year					(23,449)

## Year ended 31 March 2020

	Continuing operations				Discontinued operation		Total HK\$'000
	Trading HK\$'000	Money lending and factoring HK\$'000	Finance leasing HK\$'000	Financial services HK\$'000	Sub-total HK\$'000	Vessel chartering HK\$'000	
<b>Segment revenue and results</b>							
<b>Segment revenue</b>	161,298	14,124	25,724	37,372	238,518	2,649	241,167
<b>Segment results</b>	<u>(2,925)</u>	<u>9,714</u>	<u>18,212</u>	<u>27,641</u>	52,642	(814)	51,828
Corporate expenses					(22,771)	–	(22,771)
Operating profit/(loss)					29,871	(814)	29,057
Corporate income					3,892	17	3,909
Gain on disposal of a subsidiary					–	1,149	1,149
Release of cumulative exchange differences on translation of foreign operation					–	1,330	1,330
Loss on changes in fair value of investment property					(2,128)	–	(2,128)
Loss on changes in fair value of other financial assets					(588)	–	(588)
Loss on changes in fair value of held-for-trading investments					(38,438)	–	(38,438)
Loss on disposal of held-for-trading investments					(1,068)	–	(1,068)
Finance costs					(1,451)	–	(1,451)
(Loss)/Profit before taxation					(9,910)	1,682	(8,228)
Taxation					(12,535)	–	(12,535)
(Loss)/Profit for the year					<u>(22,445)</u>	<u>1,682</u>	<u>(20,763)</u>

**(b) Segment assets and liabilities**

	As at 31 March 2021				
Segment assets and liabilities	Trading <i>HK\$'000</i>	Money lending and factoring <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Non-current assets					
Property, plant and equipment	1,105	1,679	35,892	8,935	47,611
Right-of-use assets	-	-	-	8,390	8,390
Intangible assets	-	-	-	21,500	21,500
Goodwill	-	-	1,000	75,695	76,695
Other non-current assets	-	-	-	230	230
Finance lease receivables	-	-	29,901	-	29,901
	<u>1,105</u>	<u>1,679</u>	<u>66,793</u>	<u>114,750</u>	<u>184,327</u>
Current assets	<u>234,399</u>	<u>123,763</u>	<u>85,336</u>	<u>104,733</u>	<u>548,231</u>
<b>Segment assets</b>	<b><u>235,504</u></b>	<b><u>125,442</u></b>	<b><u>152,129</u></b>	<b><u>219,483</u></b>	<b>732,558</b>
<b>Unallocated:</b>					
Cash and bank balances					246,791
Others					<u>88,400</u>
Total assets per statement of financial position					<b><u>1,067,749</u></b>
<b>Segment liabilities</b>	<b><u>3,820</u></b>	<b><u>1,529</u></b>	<b><u>16,236</u></b>	<b><u>54,652</u></b>	<b>76,237</b>
<b>Unallocated:</b>					
Amount due to a director					764
Others					<u>66,773</u>
Total liabilities per statement of financial position					<b><u>143,774</u></b>
<b>Other segment information</b>					
Capital expenditure	-	1,565	219	1,278	3,062
Unallocated capital expenditure					<u>34</u>
					<b><u>3,096</u></b>
<b>Depreciation</b>					
- Right-of-use assets	-	-	-	8,723	8,723
- Property, plant and equipment	386	150	1,561	3,048	5,145
Unallocated depreciation					<u>3,906</u>
					<b><u>17,774</u></b>

As at 31 March 2020

<b>Segment assets and liabilities</b>	Trading <i>HK\$'000</i>	Money lending and factoring <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Non-current assets</b>					
Property, plant and equipment	1,011	623	34,543	10,705	46,882
Right-of-use assets	–	–	–	17,572	17,572
Intangible assets	–	–	–	21,500	21,500
Goodwill	–	–	1,000	75,695	76,695
Other non-current assets	–	–	–	230	230
Finance lease receivables	–	–	65,011	–	65,011
	<u>1,011</u>	<u>623</u>	<u>100,554</u>	<u>125,702</u>	<u>227,890</u>
<b>Current assets</b>	<u>184,050</u>	<u>102,220</u>	<u>111,884</u>	<u>162,362</u>	<u>560,516</u>
<b>Segment assets</b>	<u><u>185,061</u></u>	<u><u>102,843</u></u>	<u><u>212,438</u></u>	<u><u>288,064</u></u>	<u>788,406</u>
<b>Unallocated:</b>					
Cash and bank balances					183,430
Others					<u>72,269</u>
Total assets per statement of financial position					<u><u>1,044,105</u></u>
<b>Segment liabilities</b>	<u><u>3,466</u></u>	<u><u>1,059</u></u>	<u><u>18,837</u></u>	<u><u>54,580</u></u>	77,942
<b>Unallocated:</b>					
Amount due to a director					2,286
Others					<u>68,652</u>
Total liabilities per statement of financial position					<u><u>148,880</u></u>
<b>Other segment information</b>					
Capital expenditure	626	382	22	229	1,259
Unallocated capital expenditure					<u>46</u>
					<u><u>1,305</u></u>
<b>Depreciation</b>					
– Right-of-use assets	–	–	–	2,415	2,415
– Property, plant and equipment	208	132	1,717	735	2,792
Unallocated depreciation					<u>4,099</u>
					<u><u>9,306</u></u>

## 5 OTHER INCOME FROM CONTINUING OPERATIONS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	1,210	878
Other interest income	270	251
Exchange gain, net	–	1,581
Rental income	3,280	1,233
Government grants ( <i>Note</i> )	1,225	–
Others	703	336
	<u>6,688</u>	<u>4,279</u>

*Note:* Government grants were mainly unconditional government subsidies received by the Group from relevant government bodies.

## 6 LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

The Group's loss before taxation from continuing operations has been arrived at after charging/(crediting):

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of inventories sold	244,764	157,337
Salaries and wages included in administrative expenses:		
Directors' emoluments (including contribution to defined contribution plans)	6,383	6,375
Salaries, wages and other benefits (excluding directors' emoluments)	20,917	11,443
Contribution to defined contribution plans (excluding directors)	805	659
	<u>28,105</u>	<u>18,477</u>
Auditor's remuneration	968	1,010
Depreciation of property, plant and equipment	5,531	3,371
Depreciation of right-of-use assets	12,243	5,935
Property rental expenses in respect of short-term lease	340	303
Loss on disposal of property, plant and equipment	55	–
Impairment loss on finance lease receivables	5,870	414
Impairment loss on trade receivables	8,157	2,570
Impairment loss/(Reversal of impairment loss) on account receivables from margin clients	15,348	(617)
Impairment loss on factoring receivables	234	278
Impairment loss on loan and interest receivables	13,174	929
Impairment loss on deposits and other receivables	442	581
Loss on changes in fair value of investment property	115	2,128
(Gain)/Loss on changes in fair value of other financial asset	(4,365)	588
(Gain)/Loss on changes in fair value of held-for-trading investments	(279)	38,438
Loss on disposal of held-for-trading investments	<u>5,764</u>	<u>1,068</u>

## 7 TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	2,397	4,846
– PRC corporation income tax	<u>5,536</u>	<u>8,221</u>
	7,933	13,067
Deferred tax	<u>(8,893)</u>	<u>(532)</u>
	<u>(960)</u>	<u>12,535</u>
Tax (credit)/expenses are attributed to:		
Loss from continuing operations	(960)	12,535
Profit from discontinued operation	<u>–</u>	<u>–</u>
	<u>(960)</u>	<u>12,535</u>

### **Hong Kong profits tax**

Under the two-tier profits tax rates regime effective from March 2018, Hong Kong profits tax has been provided at the rate of 8.25% on the first HK\$2,000,000 of the estimated assessable profits of the qualifying entity of the Group and 16.5% on the estimated assessable profits above HK\$2,000,000. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime are continue to be taxed at a flat rate of 16.5%.

### **PRC corporate income tax**

The PRC corporate income tax in respect of operations in the PRC is calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

### **Withholding tax on distributed/undistributed profits**

The PRC tax law imposes a withholding tax at 10%, unless reduced by a tax treaty, for dividends distributed by PRC subsidiaries to its immediate holding company outside the PRC for earnings generated beginning on 1 January 2008.

Deferred taxation has not been provided in the consolidated financial statements in respect of the temporary difference attributable to retained profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not release in the foreseeable future.

## 8 DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2021 (2020: Nil).

## 9 (LOSS)/EARNING PER SHARE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
(Loss)/Profit attributable to shareholders		
– from continuing operations	(23,168)	(21,151)
– from discontinued operation	<u>–</u>	<u>1,682</u>
	<u>(23,168)</u>	<u>(19,469)</u>
Weighted average number of ordinary shares, for the purposes of calculating basic (loss)/earning per share ( <i>shares in thousands</i> )	<u>4,120,600</u>	<u>3,796,010</u>
Basic and diluted (loss)/earning per share		
– from continuing operations	HK(0.56) cents	HK(0.55) cents
– from discontinued operation	<u>–</u>	<u>HK0.04 cents</u>
	<u>HK(0.56) cents</u>	<u>HK(0.51) cents</u>

As there is no dilutive potential ordinary share outstanding as at 31 March 2021 and 2020, the diluted (loss)/earning per share is equal to the basic (loss)/earning per share.

## 10 FINANCE LEASE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current portion of finance lease receivables	90,218	111,437
Non-current portion of finance lease receivables	<u>30,082</u>	<u>65,341</u>
	120,300	176,778
Less: Impairment loss	<u>(6,998)</u>	<u>(900)</u>
	<u>113,302</u>	<u>175,878</u>

As at 31 March 2020, current portion of the finance lease receivables included an amount of RMB400,000 (equivalent to approximately HK\$436,000), being handling fee receivables in respect of the finance leases.

	Minimum finance lease receivables		Present value of minimum finance lease receivables	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within one year	<b>90,149</b>	123,164	<b>83,401</b>	110,867
In the second to fifth years, inclusive	<b>32,289</b>	72,092	<b>29,901</b>	65,011
	<b>122,438</b>	195,256	<b>113,302</b>	175,878
Less: Unearned finance income	<b>(9,136)</b>	(19,378)	N/A	N/A
Present value of minimum finance lease receivables	<b>113,302</b>	175,878	<b>113,302</b>	175,878
Less: Current portion of finance lease receivables			<b>(83,401)</b>	(110,867)
Non-current portion of finance lease receivables			<b>29,901</b>	65,011

As at 31 March 2021 and 2020, finance lease receivables, except for handling fee receivables, were secured over the leased assets mainly by machineries and equipments. The Group applies the simplified approach to provide lifetime ECL prescribed by HKFRS 9 for finance lease receivables.

## 11 TRADE AND ACCOUNT RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Receivables arising from securities broking business:		
– Cash clients account receivables	–	267
– Loans to margin clients	<b>61,978</b>	112,638
– Clearing houses	<b>5,924</b>	444
	<b>67,902</b>	113,349
Less: Impairment loss	<b>(15,511)</b>	(164)
	<b>52,391</b>	113,185
Receivables arising from asset management business	<b>81</b>	43
Receivables arising from trading business	<b>265,990</b>	241,198
	<b>266,071</b>	241,241
Less: Impairment loss	<b>(33,644)</b>	(60,252)
	<b>232,427</b>	180,989
Total trade and account receivables	<b>284,818</b>	294,174

An aged analysis of receivables arising from trading and asset management, net of allowance for impairment, at the end of the reporting period, based on the date of invoice (or date of revenue recognition, if earlier), is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	<b>38,743</b>	23,277
31 to 60 days	<b>28,317</b>	5,941
61 to 90 days	<b>22,678</b>	33,345
91 to 180 days	<b>36,740</b>	3,399
More than 180 days	<b>105,949</b>	115,027
	<b>232,427</b>	180,989

No ageing analysis of cash clients account receivables and loans to margin clients is disclosed as in the opinion of the directors of the Company, the ageing analysis is not meaningful in view of the nature of the cash clients account receivable arising from securities broking and the revolving margin loans.

Since the adoption of HKFRS 9 on 1 April 2018, the Group applies the simplified approach to provide lifetime ECL prescribed by HKFRS 9 for all trade and account receivables. The management assessed the expected loss on trade and account receivables individually.

## 12 FACTORING RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Factoring receivables	53,032	27,032
Interest receivables	79	–
	<u>53,111</u>	<u>27,032</u>
Less: Impairment loss	(531)	(270)
	<u>52,580</u>	<u>26,762</u>

Since the adoption of HKFRS 9 on 1 April 2018, the Group applies the general approach to provide for ECL prescribed by HKFRS 9 for factoring receivables, which permits the use of the 12 months ECL provision for these factoring receivables, unless there has been a significant increase in credit risk since initial recognition, which the Group then recognises lifetime ECL.

## 13 LOAN AND INTEREST RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loan receivables	71,235	67,571
Interest receivables	14,195	6,665
	<u>85,430</u>	<u>74,236</u>
Less: Impairment loss	(14,760)	(1,285)
	<u>70,670</u>	<u>72,951</u>
Current portion of loan and interest receivables	70,670	72,951
Non-current portion of loan and interest receivables	–	–
	<u>70,670</u>	<u>72,951</u>
Analysed as:		
Within one year	70,670	72,951
In the second to fifth years, inclusive	–	–
	<u>70,670</u>	<u>72,951</u>

The Group applies the general approach to provide for ECL prescribed by HKFRS 9 for loan and interest receivables, which permits the use of the 12 months ECL provision for these loan and interest receivables, unless there has been a significant increase in credit risk since initial recognition, which the Group then recognises lifetime ECL.

## 14 ACCOUNT PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Payables arising from securities broking business:		
– Cash clients trade payables	7,388	16,292
– Margin clients trade payables	<u>37,606</u>	<u>18,931</u>
Total account payables	<u><u>44,994</u></u>	<u><u>35,223</u></u>

The normal settlement terms of payables arising from securities broking are two trading days after the trade date.

## 15 COMMITMENTS

### (a) The Group as lessee

At the end of the reporting period, the lease commitments for short-term leases are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Not later than 1 year	26	21
Later than 1 year but not later than 5 years	<u>–</u>	<u>–</u>
	<u><u>26</u></u>	<u><u>21</u></u>

None of the leases include contingent rentals.

### (b) The Group as lessor

As at 31 March 2020, the Group leases its property to independent third parties under operating lease arrangement with lease negotiated for terms of 1 year.

The Group had total future minimum lease receivable under non-cancellable operating lease with its tenant falling due as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Not later than 1 year	<u>–</u>	<u>981</u>

## 16 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

The Group recorded a turnover of approximately HK\$337.9 million with a gross profit of approximately HK\$91.4 million during the year ended 31 March 2021 as compared to approximately HK\$238.5 million and HK\$79.9 million respectively for the last corresponding year. The loss for the year was approximately HK\$23.4 million as compared to approximately HK\$20.8 million for the last corresponding year. The increase in loss for the year was mainly attributable to the recognition of the followings:

- (i) an increase in gross profit for the year of approximately HK\$11.5 million, which was mainly attributed by the financial services business. The gross profit of the finance services business for the year ended 31 March 2021 was approximately HK\$49.8 million whilst it was approximately HK\$36.5 million for the last corresponding year;
- (ii) an increase in administrative expenses for the year of approximately HK\$28.6 million, which was mainly due to the completion of the acquisition of the financial services business on 31 December 2019, as such, there was only three months expenditure of the financial services business included in the Group's consolidated financial statements for the year ended 31 March 2020;
- (iii) there was a provision for impairment loss on finance lease receivables, account receivables from margin clients and loan and interest receivables of approximately HK\$5.9 million HK\$15.3 million and HK\$13.2 million respectively, for the year as compared to an aggregate amount of approximately HK\$726,000 for the last corresponding year. The increase in impairment loss was due to the global economy has significantly impacted by the COVID-19 pandemic and has hit certain of our customers, resulting with these customers defaulted in repayment of the loans and receivables on schedules;
- (iv) an increase in provision for impairment loss on trade receivables of approximately HK\$5.6 million;
- (v) a decrease in loss on disposal and changes in fair value of held-for-trading investments of approximately HK\$34.0 million;

- (vi) there was a gain on changes in fair value of other financial assets of approximately HK\$4.4 million for the year whilst a loss of approximately HK\$588,000 was recognised for the last corresponding year; and
- (vii) a decrease in provision for taxation of approximately HK\$5.1 million and an increase in recognition of deferred tax of approximately HK\$8.4 million.

As at 31 March 2021, the total assets and net assets of the Group amounted to approximately HK\$1,067.7 million (2020: HK\$1,044.1 million) and HK\$924.0 million (2020: HK\$895.2 million) respectively. There was no material changes in the financial position of the Group during the year.

## **Business Review**

### ***Trading Business***

Despite of sounds of under-control, the current COVID-19 pandemic is still spreading globally. Vaccine production, distribution and vaccination progress are uneven among countries and the world economic recovery is still unstable. The international industrial chain and supply chain layout has been adjusted significantly, and the external environment faced by the PRC's foreign trade development is still complicated. At the same time, the PRC's local economy has recovered steadily and new forms of business such as cross-border e-commerce have developed vigorously, which provides a solid platform for the imports and exports business in the PRC.

The Group is principally engaged in trading of food and electronic products in the PRC. There was a growth in the Group's trading business during the year which was mainly attributed from the electronic products trading.

The Group recorded a turnover of approximately HK\$250.6 million with a loss of approximately HK\$6.1 million from its trading business for the year ended 31 March 2021 as compared to approximately HK\$161.3 million and HK\$2.9 million, respectively for the last corresponding year. The loss recorded for the year ended 31 March 2021 was mainly caused by the provision for impairment loss on trade receivables of approximately HK\$8.2 million.

A turnover of approximately HK\$133.2 million was attributed from trading of food products for year ended 31 March 2021, as compared to approximately HK\$153.2 million for the last corresponding year. In addition, the Group also recorded a turnover of approximately HK\$117.4 million for the year ended 31 March 2021 from trading of electronic parts for production of electronic equipment mainly for local consumption in the PRC, as compared to approximately HK\$8.1 million for the last corresponding year.

The business environment of the PRC market has been impacted by the intensified Sino-US trade frictions and the COVID-19 pandemic. The management will pay cautious on the ever changing trading environment and adopt measures to minimise the operation risks of the Group through rigorous purchase and stringent cost control. The Group is optimistic towards the ongoing prospect of its trading business in the long term.

### ***Money Lending and Factoring Business***

The Group has loan portfolios in Hong Kong and the PRC with outstanding amount of approximately HK\$85.4 million and factoring receivables of approximately HK\$53.1 million as at 31 March 2021. The Group recognized an aggregate interest income of approximately HK\$19.1 million and a profit of approximately HK\$2.5 million for the year ended 31 March 2021 as compared to approximately HK\$14.1 million and HK\$9.7 million respectively for the last corresponding year.

The supervision responsibilities of commercial factoring companies in the PRC has been changed from the Ministry of Commerce to the China Banking and Insurance Regulatory Commission (the “Banking and Insurance Regulatory Commission”) during the year. The Banking and Insurance Regulatory Commission has issued new regulatory requirements for the finance leasing companies and commercial factoring companies, which include the business entry requirements, scope and compliance. In 2020, in accordance with the requirements of the Banking and Insurance Regulatory Commission, the Shenzhen Financial Supervision and Administration Bureau has carried out the clean-up and rectification of commercial factoring companies, and inspected each of the commercial factoring companies in the jurisdiction and the Group has passed the regulatory authority’s preliminary review. In the future, the regulatory authority will strengthen the supervision of commercial factoring companies and finance leasing companies, in order to create a more favorable environment for the healthy development of the entire industry.

The outbreak of the COVID-19 delivered a considerable hit to the global and local economy as the implementation of different levels of lockdown restrictions across the world has led various economic activities to a near standstill. The economy of Hong Kong and the PRC was severely affected amid the epidemic situation and has impacted certain of our customers, resulting with these customers defaulted in repayment of the loans on schedules. As such the Group provided an impairment loss on loan and factoring receivables of approximately HK\$13.4 million during the year ended 31 March 2021, which attributed to the decrease of the profit from this segment for the year.

The Group has adopted a more prudent credit risk assessment both in accepting new customers and reviewing the credit risk over the existing customers and request the customers to provide collateral in order to reduce the credit risk. The Group will closely monitor the development of COVID-19 in order to cultivate a policy to cope with the ever changing environment.

### ***Finance Leasing Business***

The Group is engaged in finance leasing business in the PRC. It mainly offers machinery/equipment-based finance leases, the terms of which generally ranges from one year to five years and the size of which generally ranges from RMB10 million to RMB50 million. The Group provides both direct leasing and sale-leaseback services to customers. The Group solicits its customers principally through referrals from former and existing customers, visits to potential customers by the marketing staff, referrals from the finance leasing industry and other business connections of the Group. Furthermore, the Group's marketing team has extensive experience and business relationship in banking and financing industry, thereby enabling the Group's finance leasing business to expand its customer base and the business.

As mentioned above under the heading "Money Lending and Factoring Business", the Shenzhen Financial Supervision and Administration Bureau has carried out the clean-up and rectification of finance leasing companies within its jurisdiction in year 2020 and the Group has passed the regulatory authority's preliminary review.

The finance leasing business maintained a portfolio with outstanding amount of approximately HK\$120.3 million as at 31 March 2021. The finance leasing portfolio has attributed a turnover of approximately HK\$17.1 million with a profit of approximately HK\$3.5 million to the Group during the year ended 31 March 2021 as compared to approximately HK\$25.7 million and HK\$18.2 million respectively for the last corresponding year.

The financing purpose of the Group's customers is principally for the development and expansion of their business. Due to the current subdued economic conditions which lead to the decrease in demand of finance lease, the new transactions granted by the Group during the year was affected. As such, interest income from the finance leasing business decreased during the year ended 31 March 2021. Furthermore, certain of our customers' business were highly impacted by the COVID-19 pandemic, as such, the Group has implemented measures to relief the financial burdens of the customers in tiding over the difficult time, including the negotiation with those with financial difficulties to extend the repayment schedule and adjust for the installment amounts. After due consideration of the current economic conditions and the financial strengths of our customers, the Group has provided an impairment loss on finance lease receivables of approximately HK\$5.9 million during the year ended 31 March 2021 which caused the decrease of the profit for the year attributed by the finance lease business.

It is anticipated that global economy uncertainties will persist in the next financial year amid the COVID-19 pandemic. The Group will cautiously adjust its business strategies including (i) the adoption of a more prudent credit risk assessment both in accepting new customers and reviewing the credit risk over the existing customers and request the customers to provide collaterals in order to reduce the credit risk; and (ii) avoidance of customers which are engaged in industries highly impacted by the epidemic, such as catering and tourism, transportation, retail and entertainment industries, etc. Further, the Group will closely monitor the development of the COVID-19 pandemic and its impact to the finance leasing business.

### ***Financial Services Business***

The Group has successfully acquired the financial services business in December 2019, which is principally engaged in provision of securities dealing broking, placing, underwriting, margin financing and asset management services in Hong Kong.

Upon completion of the acquisition, the Group has recruited professionals to rebuild the structure of the financial services business, as well as the creation and amendment of appropriate procedures to strengthen the internal control and compliance of the relevant rules and regulations. The Group is in the process of reassessing and re-engineering its strategies in response to the ever changing environment of the financial market in order to cultivate a direction and policy for its long term development.

The average daily turnover of the Hong Kong stock market for the year of 2020 was approximately HK\$129.5 billion, represents an increase of 48.5% when compared with approximately HK\$87.2 billion for the corresponding year, while funds raised in the IPO market increased 26.5% on a year-on-year basis, from HK\$314.2 billion in 2019 to HK\$397.5 billion in 2020.

The financial services business has attributed a turnover of approximately HK\$51.1 million with a profit of approximately HK\$740,000 to the Group during the year ended 31 March 2021 as compared to approximately HK\$37.4 million and HK\$27.6 million respectively for the last corresponding year. There was a significant decrease in profit from the financial services business, as the Group has provided an impairment loss on account receivables from margin clients of approximately HK\$15.3 million during the year ended 31 March 2021, which affected the performance of this segment.

Basically, the financial services business constitutes with the business of brokerage and asset management, which serves retail clients, professional investors, high net worth clients and institutional clients, with different kind of services such as margin financing, international public offering, underwriting and placing activities. The Group has completed eight placing and underwriting projects and which contributed a turnover of approximately HK\$33.4 million to the Group for the year ended 31 March 2021. Further, the asset management also successfully launched a private equity fund in March 2021 which will attribute a stable turnover to the Group.

The Group will stay focus on proper risk management and other compliance issues and continue to keep abreast of the latest development of the Hong Kong financial market and the update on the regulatory requirements. The management is strive to achieve the business objective to increase the Group's exposure and scale of operations within the capital markets and to capture a larger market share.

### ***The COVID-19 Pandemic***

The COVID-19 pandemic has significant impact on the global economy and the Group would review and adjust its business strategies on a regular basis with a prudent and balanced risk management approach so as to cope with the current unpredictable economic situation. Save as disclosed above, as at the date of this report, the Group was not aware of any material adverse impact on the consolidated financial statements as a result of the COVID-19 outbreak.

Looking forward, the Group will actively identify and explore other investment and business opportunities to broaden its assets and revenue base. The Group will cautiously search for investment opportunities so as to produce a steady growth in the Group's long term performance.

### ***Securities Investments***

The Group invested surplus funds in securities listed in Hong Kong during the year. The fair value of the Group's securities investment amounted to approximately HK\$16.8 million as at 31 March 2021. The Group recorded a gain on changes in fair value of held-for-trading investments of approximately HK\$279,000 during the year as compared to a loss of approximately HK\$38.4 million for the last corresponding year. The Group disposed certain of the held-for-trading investments with a loss of approximately HK\$5.8 million for the year ended 31 March 2021, as compared to approximately HK\$1.1 million for the last corresponding year. The Board will continue to keep monitoring of the stock markets closely and grasping for opportunities to realise gains from its investment portfolio.

### ***Liquidity, Financial Resources and Gearing***

As at 31 March 2021, the Group had cash and bank balances of approximately HK\$246.8 million (2020: HK\$183.4 million) and total borrowings of approximately HK\$19.6 million (2020: HK\$33.9 million). The Group's gearing ratio, calculated by dividing total borrowings by total equity, was 2.12% (2020: 3.78%). The liquidity ratio, being the ratio of current assets over current liabilities was 7.31 as at 31 March 2021 (2020: 8.31).

The decrease in the gearing ratio was mainly due to the decrease in lease liabilities during the year. The decrease in the liquidity ratio was mainly due to the impairment loss on financial assets provided during the year.

### **Foreign Exchange Exposure**

Operations of the Group are mainly conducted in Hong Kong dollar ("HK\$"), Renminbi ("RMB") and US dollar ("US\$") and its revenue, expenses, assets, liabilities and borrowings are principally denominated in HK\$, RMB and US\$.

The Group does not enter into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

### **Dividend**

The Board does not recommend the payment of any dividend for the year ended 31 March 2021.

### **Capital Structure and Fund Raising Activities**

As at 31 March 2021, the total number of issued shares of the Company was 4,120,600,000.

There was no change in the capital structure of the Company during the year.

### **Charges on Group Assets**

As at 31 March 2021, none of the Group's asset was pledged to secure any facilities and borrowings granted to the Group.

## Significant Acquisition and Disposal of Assets

Save as the acquisition and disposal of held-for-trading investments in securities as mentioned below, there has been no significant acquisition and disposal of assets by the Group during the year.

## Securities Investments Held

As at 31 March 2021, the Group had held-for-trading investments in securities in Hong Kong (the “Securities Investments”) with a market value of approximately HK\$16.8 million. The Group recorded a realised loss of approximately HK\$5.8 million (2020: approximately HK\$1.1 million) in respect of the Securities Investments during the year. The other details of the Securities Investments as at 31 March 2021 are as follows:

Company name	Stock code	Principal activities	Number of shares held	% of shareholdings	Cost of acquisition <i>HK\$'000</i>	Fair value as at 31 March 2021 <i>HK\$'000</i>	% of net assets of the Group as at 31 March 2021	Gain/(Loss) on changes in fair value for the year <i>HK\$'000</i>	
1	Royal Century Resources Holdings Limited	8125	Provision of fitting-out and engineering, design and procurement of furnishings and related products services, leasing of construction equipment, money lending and sourcing and merchandising of fine and rare wines	25,725,600	16.41%	20,309	7,847	0.85%	(2,080)
2	Synergy Group Holdings International Limited	1539	Provision of leasing services of energy saving systems, consultancy service and trading of energy saving products	24,768,000	3.75%	3,062	3,170	0.34%	108
3	Sunlight Technology Holdings Limited	1950	Manufacturing and sales of faux leather chemicals	13,620,000	1.36%	3,173	5,448	0.59%	2,275
4	Evershine Group Holdings Limited	8022	Trading business, property development and investment business, money lending business, mobile application business and cemetery business	23,628,000	1.09%	8,624	378	0.04%	(24)
						<u>35,168</u>	<u>16,843</u>		<u>279</u>

## Contingent Liabilities

The Group did not have significant contingent liabilities as at 31 March 2021.

## Commitments

Details of the commitments are set out in Note 15 to this announcement.

## **Employees and Remuneration Policies**

As at 31 March 2021, the Group employed approximately 66 (2020: 57) employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its Directors and employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

To the best knowledge of the Directors, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2021.

## **CORPORATE GOVERNANCE PRACTICE**

The Board believes that good governance is essential to the maintenance of the Group's competitiveness and to its healthy growth. The Company has adopted practices which meet the requirements of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. The Company has been in compliance with all code provisions set out in the CG Code for the year ended 31 March 2021.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors set out in Appendix 10 of the Listing Rules as its own code regarding securities transactions by Directors of the Company and its subsidiaries and employees of the Group who are likely to be in possession of unpublished price-sensitive information of the Company. The Company has received written confirmation from each Director that they have complied with the codes throughout the year.

## **ANNUAL GENERAL MEETING**

As at the date of this announcement, the Company has not determined the date when the Company's 2021 annual general meeting will be held and the relevant book closure arrangement. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

The Audit Committee of the Company comprising three independent non-executive directors, has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for the financial year ended 31 March 2021. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in this announcement have been agreed by the Group's auditor, Lau & Au Yeung C.P.A. Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Lau & Au Yeung C.P.A. 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 Lau & Au Yeung C.P.A. Limited on this announcement.

## **PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT**

This annual results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited ("HKEx") at [www.hkex.com.hk](http://www.hkex.com.hk) under "Latest Listed Company Information" and on the Company's website at [www.chaoshang.hk](http://www.chaoshang.hk) under the section "Investor Relations". The annual report for the year containing all the information required by the Listing Rules will be published on the HKEx website and the Company's website and despatched to the Company's shareholders in due course.

For and on behalf of the Board of  
**Hong Kong ChaoShang Group Limited**  
**Ms. Zheng Juhua**  
*Chairlady*

Hong Kong, 28 June 2021

*As at the date of this announcement, the executive directors are Ms. Zheng Juhua and Mr. Chan Chi Yuen; the independent non-executive directors are Mr. Man Kwok Leung, Mr. Yu Pak Yan, Peter and Mr. Chi Chi Hung, Kenneth.*