

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2020**

The board of directors (the “Board”) of Hong Kong ChaoShang Group Limited (formerly known as “Noble Century Investment Holdings Limited”) (the “Company”) is pleased to announce the results of the Company and its subsidiaries (together, the “Group”) for the year ended 31 March 2020, 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 2020

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> Restated
CONTINUING OPERATIONS			
Revenue	3	238,518	105,088
Cost of sales	6	(158,628)	(67,138)
Gross profit		79,890	37,950
Other income	5	4,279	3,920
Loss on disposal of subsidiaries		–	(5,458)
(Loss)/Gain on changes in fair value of held-for-trading investments		(38,438)	5,935
Realised (loss)/gain on disposal of held-for-trading investments		(1,068)	4,229
Unrealised (loss)/gain on changes in fair value of investment property		(2,128)	297
Unrealised loss on changes in fair value of other financial assets		(588)	–
Impairment loss on trade receivables		(1,953)	(32,648)
Impairment loss on deposits, prepayments and other receivables		(581)	(840)
Impairment loss on finance lease receivables		(414)	(21)
(Impairment loss)/Reversal of impairment loss on loan and interest receivables		(929)	493
Impairment loss on factoring receivables		(278)	–
Administrative expenses	6	(46,251)	(35,769)
Operating loss from continuing operations		(8,459)	(21,912)
Finance costs		(1,451)	–
Loss before taxation from continuing operations		(9,910)	(21,912)
Taxation charge	7	(12,535)	(7,909)
Loss for the year from continuing operations		<u>(22,445)</u>	<u>(29,821)</u>

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> Restated
DISCONTINUED OPERATION			
Loss for the year		(797)	(6,207)
Gain on disposal of equity interest in discontinued operation before release of foreign currency translation reserve, net of income tax	15	1,149	–
Release of foreign currency translation reserve on discontinued operation upon disposal	15	<u>1,330</u>	<u>–</u>
Profit/(loss) for the year from discontinued operation		<u>1,682</u>	<u>(6,207)</u>
Loss for the year		<u>(20,763)</u>	<u>(36,028)</u>
Other comprehensive loss:			
<i>Items that will not be reclassified to profit or loss:</i>			
– Gain on revaluation of property, plant and equipment upon transfer to investment property		–	9,659
– Deferred tax liability on recognition of revaluation of property, plant and equipment upon transfer to investment property		–	(2,414)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences arising on translation of foreign operations		<u>(45,093)</u>	<u>(48,056)</u>
Other comprehensive loss for the year		<u>(45,093)</u>	<u>(40,811)</u>
Total comprehensive loss for the year		<u>(65,856)</u>	<u>(76,839)</u>

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> Restated
Loss for the year attributable to:			
Owners of the Company		(19,469)	(32,167)
Non-controlling interests		(1,294)	(3,861)
		<u>(20,763)</u>	<u>(36,028)</u>
Loss for the year			
Total comprehensive loss for the year attributable to:			
Owners of the Company		(65,366)	(73,324)
Non-controlling interests		(490)	(3,515)
		<u>(65,856)</u>	<u>(76,839)</u>
Total comprehensive loss for the year			
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted			
– For loss for the year	<i>9</i>	<u>(0.51) cents</u>	<u>(0.87) cents</u>
– For loss from continuing operations	<i>9</i>	<u>(0.55) cents</u>	<u>(0.71) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		47,903	55,322
Investment property		42,946	48,321
Right-of-use assets		23,438	–
Goodwill		76,695	1,000
Intangible assets		21,500	–
Other non-current assets		230	–
Other financial assets		356	–
Finance lease receivables	10	65,011	109,482
		<u>278,079</u>	<u>214,125</u>
Current assets			
Inventories		–	23
Trade receivables	11	294,174	154,649
Factoring receivables		26,762	8,178
Deposits, prepayments and other receivables		24,945	18,327
Held-for-trading investments		17,100	70,599
Finance lease receivables	10	110,867	112,795
Loan and interest receivables	12	72,951	87,485
Tax recoverable		10	–
Cash held on behalf of clients		35,787	–
Cash and bank balances		183,430	140,293
		<u>766,026</u>	<u>592,349</u>
Total assets		<u>1,044,105</u>	<u>806,474</u>
EQUITY			
Capital and reserves			
Share capital		82,412	73,612
Reserves		824,490	685,873
Total equity attributable to owners of the Company		906,902	759,485
Non-controlling interests		(11,677)	(11,187)
Total equity		<u>895,225</u>	<u>748,298</u>

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Bond payable		7,800	–
Retained consideration payable		33,301	–
Lease liabilities		10,333	–
Contract liabilities		37	516
Deferred tax liabilities		5,283	2,507
		<u>56,754</u>	<u>3,023</u>
Current liabilities			
Trade payables	13	35,223	2
Bond interest payable		78	–
Contract liabilities		893	1,180
Lease liabilities		13,450	–
Accruals, other payables and deposit received		27,237	35,772
Amount due to a director		2,286	4,556
Amount due to non-controlling interests		233	250
Tax payables		12,726	13,393
		<u>92,126</u>	<u>55,153</u>
Total liabilities		<u>148,880</u>	<u>58,176</u>
Total equity and liabilities		<u>1,044,105</u>	<u>806,474</u>
Net current assets		<u>673,900</u>	<u>537,196</u>
Total assets less current liabilities		<u>951,979</u>	<u>751,321</u>

1 GENERAL INFORMATION

Hong Kong ChaoShang Group Limited (formerly known as “Noble Century Investment Holdings 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.

Pursuant to a special resolution passed by the shareholders of the Company at a special general meeting on 31 May 2019 and approved by the Bermuda Registry of Companies on 22 July 2019, the name of the Company has been changed from “Noble Century Investment Holdings Limited” to “Hong Kong ChaoShang Group Limited” and the adoption of the Chinese name “香港潮商集團有限公司” as the secondary name of the Company in replacement of “仁瑞投資控股有限公司” has become effective.

The principal activity of the Company is investment holding. The Company and its subsidiaries (together, the “Group”) are principally engaged in vessel chartering, trading, money lending, factoring and finance leasing. During the year, the Group expanded its business into financial services through the completion of an 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”). The Group also ceased and discontinued the vessel chartering business during the year.

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 29 June 2020.

2 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 2019:

HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 Leases and HK(IFRIC)-Int 23 Uncertainty over Income Tax Treatments, the adoption of the above new and revised HKFRSs has had no significant financial effect on these consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses, and the comparative information for 2019 was not restated and continues to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

Nature of the effect of adoption of HKFRS 16

As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less (“short-term leases”) (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 April 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impacts on transition

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019 and included in lease liabilities. The right-of-use assets were recognised based on the carrying amount as if the standard had always been applied, except for the incremental borrowing rate where the Group applied the incremental borrowing rate at 1 April 2019.

For the leasehold buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment property and measured at fair value, the Group has continued to include them as investment property at 1 April 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application.

The impacts arising from the adoption of HKFRS 16 as at 1 April 2019 are as follows:

	Increase/ (decrease) <i>HK\$'000</i>
Assets	
Increase in right-of-use assets	9,386
Decrease in prepayment	<u>(313)</u>
Increase in total assets	<u><u>9,073</u></u>
Liabilities	
Increase in lease liabilities	
– Current	3,361
– Non-current	<u>5,712</u>
Increase in total liabilities	<u><u>9,073</u></u>

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 are as follows:

	<i>HK\$'000</i>
Operating lease commitments as at 31 March 2019	10,074
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 March 2020	<u>(29)</u>
	10,045
Weighted average incremental borrowing rate as at 1 April 2019	<u>5.13%</u>
Discounted operating lease commitments as at 1 April 2019	<u>9,386</u>
Less: Prepayment	<u>(313)</u>
Lease liabilities as at 1 April 2019	<u><u>9,073</u></u>

HK(IFRIC)-Int 23 Uncertainty over Income Tax Treatments

HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The application of HK(IFRIC)-Int 23 has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

(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 2019 and have not been early adopted.

HKFRS 3 (Amendments)	Definition of a Business ¹
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform ¹
HKFRS 10 and HKAS 28 (2011) (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS 17	Insurance Contracts ³
HKAS 1 and HKAS 8 (Amendments)	Definition of Material ¹
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting ¹
HKFRS 16 (Amendments)	COVID-19-Related Rent Concession ²

¹ *Effective for annual periods beginning on or after 1 January 2020*

² *Effective for annual periods beginning on or after 1 June 2020*

³ *Effective for annual periods beginning on or after 1 January 2021*

⁴ *No mandatory effective date yet determined but available for adoption*

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 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> Restated
Sales of goods	161,299	67,664
Interest income from money lending, factoring, finance leasing and margin financing	40,285	33,604
Consultancy fee and handling fee income from finance leasing*	3,499	3,820
Asset management fee income	43	–
Brokerage commission income	1,026	–
Underwriting and placing commission income	32,366	–
	<u>238,518</u>	<u>105,088</u>
Revenue from contracts with customers within HKFRS 15:		
<i>Recognised over time</i>		
Asset management fee income	43	–
<i>Recognised at a point in time</i>		
Sales of goods	161,299	67,664
Consultancy fee and handling fee income from finance leasing*	3,499	3,820
Brokerage commission income	1,026	–
Underwriting and placing commission income	32,366	–
	<u>198,190</u>	<u>71,484</u>
	<u>198,233</u>	<u>71,484</u>
Revenue from other sources:		
Interest income from money lending, factoring, finance leasing and margin financing calculated using effective interest method	40,285	33,604
	<u>238,518</u>	<u>105,088</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\$1,328,000 (2019: approximately HK\$1,349,000) from consultancy fee income that was included in contract liabilities at the beginning of the year.

As at 31 March 2020, the aggregated amount of the transaction price allocated to the remaining performance obligation under the Group's existing contracts is approximately HK\$930,000 (2019: approximately HK\$1,696,000). 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 one to two years (2019: one to three 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. Certain comparative segment information related to the vessel chartering is classified as "loss for the year from a discontinued operation" in the consolidated statement of profit or loss. The impact of the changes in the Group's reportable operating segments for the year ended 31 March 2019 is considered retrospectively and the Group's operating segment information is restated. Furthermore, certain comparative segment information has been represented to conform with changes in measurement of segment profit or loss during the year ended 31 March 2020.

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, impairment loss on deposits, prepayments and other receivables (non-trading nature), realised 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 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 2020					Discontinued operation	Total HK\$'000	
	Continuing operations				Sub-total HK\$'000			Vessel chartering HK\$'000
	Trading HK\$'000	Money lending and factoring HK\$'000	Finance leasing HK\$'000	Financial services HK\$'000				
Segment revenue and results								
Segment revenue	161,298	14,124	25,724	37,372	238,518	2,649	241,167	
Segment results	<u>(2,925)</u>	<u>9,714</u>	<u>18,212</u>	<u>27,641</u>	52,642	(814)	51,828	
Corporate expenses					<u>(24,899)</u>	–	<u>(24,899)</u>	
Operating profit/(loss)					27,743	(814)	26,929	
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	
Realised loss on disposal of held-for-trading investments					<u>(1,068)</u>	–	<u>(1,068)</u>	
Loss on changes in fair value of held-for- trading investments					<u>(38,438)</u>	–	<u>(38,438)</u>	
Unrealised loss on changes in fair value of other financial assets					<u>(588)</u>	–	<u>(588)</u>	
Finance costs					<u>(1,451)</u>	–	<u>(1,451)</u>	
(Loss)/profit before taxation					<u>(9,910)</u>	1,682	<u>(8,228)</u>	
Taxation charge					<u>(12,535)</u>	–	<u>(12,535)</u>	
(Loss)/profit for the year					<u><u>(22,445)</u></u>	<u>1,682</u>	<u><u>(20,763)</u></u>	

	Year ended 31 March 2019					Total <i>HK\$'000</i>
	Continuing operations				Discontinued operation	
	Trading <i>HK\$'000</i>	Money lending and factoring <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Vessel chartering <i>HK\$'000</i>	
Segment revenue and results						
Segment revenue	67,664	10,198	27,226	105,088	3,152	108,240
Segment results	<u>(33,434)</u>	<u>6,673</u>	<u>17,412</u>	(9,349)	(6,234)	(15,583)
Corporate expenses				(21,792)	–	(21,792)
Operating loss				(31,141)	(6,234)	(37,375)
Corporate income				4,523	27	4,550
Gain on changes in fair value of held-for-trading investments				5,935	–	5,935
Realised gain on disposal of held-for-trading investments				4,229	–	4,229
Loss on disposal of subsidiaries				(5,458)	–	(5,458)
Loss before taxation				(21,912)	(6,207)	(28,119)
Taxation charge				(7,909)	–	(7,909)
Loss for the year				<u>(29,821)</u>	<u>(6,207)</u>	<u>(36,028)</u>

(b) Segment assets and liabilities

Segment assets and liabilities	As at 31 March 2020				Total HK\$'000
	Trading HK\$'000	Money lending and factoring HK\$'000	Finance leasing HK\$'000	Financial services HK\$'000	
Non-current assets					
Property, plant and equipment	1,011	623	34,543	10,705	46,882
Right-of-use assets	-	-	-	17,572	17,572
Goodwill	-	-	1,000	75,695	76,695
Other non-current assets	-	-	-	230	230
Intangible assets	-	-	-	21,500	21,500
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>
Current assets	<u>184,050</u>	<u>102,220</u>	<u>111,884</u>	<u>162,362</u>	<u>560,516</u>
Segment assets	<u>185,061</u>	<u>102,843</u>	<u>212,438</u>	<u>288,064</u>	788,406
Unallocated:					
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>
Segment liabilities	<u>3,466</u>	<u>1,059</u>	<u>18,837</u>	<u>54,580</u>	77,942
Unallocated:					
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>
Other segment information					
Capital expenditure	626	382	22	229	1,259
Unallocated capital expenditure					<u>46</u>
					<u><u>1,305</u></u>
Depreciation					
- 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>

As at 31 March 2019

	Continuing operations				Discontinued operation	Total HK\$'000
	Trading HK\$'000	Money lending and factoring HK\$'000	Finance leasing HK\$'000	Sub-total HK\$'000	Vessel chartering HK\$'000	
Segment assets and liabilities						
Non-current assets						
Property, plant and equipment	15	1,012	39,432	40,459	14,042	54,501
Goodwill	–	–	1,000	1,000	–	1,000
Finance lease receivables	–	–	109,482	109,482	–	109,482
	15	1,012	149,914	150,941	14,042	164,983
Current assets	157,140	97,913	113,342	368,395	23	368,418
Segment assets	157,155	98,925	263,256	519,336	14,065	533,401
Unallocated:						
Cash and bank balances						140,293
Others						132,780
Total assets per statement of financial position						806,474
Segment liabilities	3,298	518	17,985	21,801	14,405	36,206
Unallocated:						
Amount due to a director						4,556
Others						17,414
Total liabilities per statement of financial position						58,176
Other segment information						
Capital expenditure	14	9	322	345	–	345
Unallocated capital expenditure						17
						362
Depreciation	2	254	3,540	3,796	955	4,751
Unallocated depreciation						1,572
						6,323

5 OTHER INCOME FROM CONTINUING OPERATIONS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> Restated
Bank interest income	878	670
Other interest income	251	19
Exchange gain, net	1,581	1,716
Rental income	1,233	1,421
Others	336	94
	<u>4,279</u>	<u>3,920</u>

6 EXPENSES BY NATURE FROM CONTINUING OPERATIONS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> Restated
Cost of inventories sold	157,337	66,645
Cost of services	900	–
Storage fees	127	146
Staff costs, including directors' emoluments	17,782	17,081
Contribution to defined contribution retirement benefit scheme (including directors)	695	818
Auditor's remuneration	1,010	819
Advertising	187	–
Depreciation		
– property, plant and equipment	3,371	5,369
– right-of-use assets	5,935	–
Loss on disposal of property, plant and equipment	–	18
Property rental expenses in respect of short term lease	303	–
Operating lease charges in respect of property rental	–	3,685
Professional fees	4,852	1,981
Repair and maintenance	47	5
Others	12,333	6,340
	<u>204,879</u>	<u>102,907</u>

7 TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	4,846	36
– PRC corporation income tax	8,221	7,844
	<u>13,067</u>	<u>7,880</u>
Deferred tax	(532)	29
	<u><u>12,535</u></u>	<u><u>7,909</u></u>
Tax expenses are attributed to:		
Loss from continuing operations	12,535	7,909
Profit from discontinued operation	–	–
	<u><u>12,535</u></u>	<u><u>7,909</u></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.

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 2020 (2019: Nil).

9 EARNING/(LOSS) PER SHARE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> Restated
Profit/(loss) attributable to shareholders		
– from continuing operations	(21,151)	(25,960)
– from discontinued operation	<u>1,682</u>	<u>(6,207)</u>
	<u>(19,469)</u>	<u>(32,167)</u>
Weighted average number of ordinary shares, for the purposes of calculating basic earning/(loss) per share (<i>shares in thousands</i>)	<u>3,796,010</u>	<u>3,680,600</u>
Basic and diluted earning/(loss) per share		
– from continuing operations	<u>HK(0.55) cents</u>	HK(0.71) cents
– from discontinued operation	<u>HK0.04 cents</u>	<u>HK(0.16) cents</u>
	<u><u>HK(0.51) cents</u></u>	<u><u>HK(0.87) cents</u></u>

As there is no dilutive potential ordinary share outstanding as at 31 March 2020 and 2019, the diluted earning/(loss) per share is equal to the basic earning/(loss) per share.

10 FINANCE LEASE RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current portion of finance lease receivables	111,437	113,013
Non-current portion of finance lease receivables	<u>65,341</u>	<u>109,798</u>
	176,778	222,811
Less: Impairment loss	<u>(900)</u>	<u>(534)</u>
	<u><u>175,878</u></u>	<u><u>222,277</u></u>

* Current portion of the finance lease receivables included an amount of HK\$436,000 (2019: Non-current HK\$468,000 and Current HK\$468,000), being handling fee receivable in respect of the finance leases.

	Minimum finance lease receivables		Present value of minimum finance lease receivables	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	123,164	130,588	110,867	112,795
In the second to fifth years, inclusive	72,092	125,360	65,011	109,482
	195,256	255,948	175,878	222,277
Less: Unearned finance income	(19,378)	(33,671)	N/A	N/A
Present value of minimum finance lease receivables	175,878	222,277	175,878	222,277
Less: Current portion of finance lease receivables			(110,867)	(112,795)
Non-current portion of finance lease receivables			65,011	109,482

As at 31 March 2020 and 2019, the finance lease receivables, except for the handling fee receivable, 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 RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Receivables arising from securities broking business:		
– Cash clients accounts receivable	267	–
– Loans to margin clients	112,638	–
– Clearing houses	444	–
	<u>113,349</u>	–
Less: Impairment loss	<u>(164)</u>	–
	----- 113,185	----- –
Receivables arising from asset management business	43	–
Receivables arising from trading business	<u>241,198</u>	<u>216,639</u>
	241,241	216,639
Less: Impairment loss	<u>(60,252)</u>	<u>(61,990)</u>
	----- 180,989	----- 154,649
Total trade receivables	<u><u>294,174</u></u>	<u><u>154,649</u></u>

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:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	23,277	49,593
31 to 60 days	5,941	2,702
61 to 90 days	33,345	904
91 to 180 days	3,399	–
More than 180 days	115,027	101,450
	<u>180,989</u>	<u>154,649</u>

No ageing analysis of cash clients trade receivable 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 trade receivable arising from securities broking and the revolving margin loans. The Group applies the simplified approach to provide lifetime ECL prescribed by HKFRS 9 for all trade receivables.

12 LOAN AND INTEREST RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loan receivables	67,571	87,275
Interest receivables	<u>6,665</u>	<u>1,084</u>
Loan and interest receivables	74,236	88,359
Less: Impairment loss	<u>(1,285)</u>	<u>(874)</u>
	<u>72,951</u>	<u>87,485</u>
Current portion of loan and interest receivables	72,951	87,485
Non-current portion of loan and interest receivables	<u>–</u>	<u>–</u>
	<u>72,951</u>	<u>87,485</u>
Analysed as:		
Within one year	72,951	87,485
In the second to fifth years, inclusive	<u>–</u>	<u>–</u>
	<u>72,951</u>	<u>87,485</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.

13 TRADE PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Payables arising from trading business	–	2
Payables arising from securities broking business:		
– Cash clients trade payables	16,292	–
– Margin clients trade payables	18,931	–
	<u>35,223</u>	<u>–</u>
Total	<u><u>35,223</u></u>	<u><u>2</u></u>

14 ACQUISITION OF SUBSIDIARIES

On 7 January 2019, the Company entered into a sales and purchase agreement (the “S&P”) with the vendors (the “CS Vendors”) in relation to the acquisition of 100% equity interest in ChaoShang Financial (the “CS Acquisition”), which holds licences to carry on Type 1, 2, 4 and 9 regulated activities under the SFO, at a consideration of HK\$250 million (the “Consideration”). Pursuant to the S&P, the Consideration shall be satisfied in the following manner:

- (i) as to HK\$30,000,000 paid by the Company to the CS Vendors by cash as a refundable deposit within sixty days from the date of the S&P;
- (ii) as to HK\$182,500,000 shall be paid by the Company to the CS Vendors at completion; and
- (iii) the remaining balance in the amount of HK\$37,500,000 (the “Total Retained Consideration”) shall be retained by the Company at completion as security, and subject to the fulfillment of the relevant profit guarantee (the “CS Profit Guarantee”).

The CS Profit Guarantee provided that for the period of three-years commencing from the date of completion, the audited profit after tax of ChaoShang Financial shall not be less than HK\$20,000,000, HK\$25,000,000 and HK\$30,000,000 respectively. Any shortfall between the guaranteed profits and actual profits for the relevant guaranteed period shall be compensated by the CS Vendors. And if the actual profits is not less than the guaranteed profit, 50% of the difference between guaranteed profits and actual profits for the relevant guaranteed period shall be payable to the CS Vendors.

Pursuant to the S&P, each of the CS Vendors further warrants and guarantees to the Company that the audited consolidated tangible net asset value of ChaoShang Financial (the “CS Consolidated NAV”) as at the completion date shall not be less than HK\$150,000,000 (the “Guaranteed NAV”). The CS Vendors shall compensate the Company the amount of any shortfall.

Details of the CS Acquisition were set out in announcement and circular of the Company dated 7 January 2019 and 8 May 2019 respectively.

The CS Acquisition was completed on 31 December 2019 and the CS Acquisition was considered as a business combination for accounting purpose. As at the completion date, the CS Consolidated NAV is greater than the Guaranteed NAV, as such no amount is payable by the CS Vendors.

Details of the fair value of identifiable assets and liabilities acquired at the date of acquisition are as follows:

	<i>HK\$'000</i>
Plant and equipment	11,210
Other non-current assets	230
Intangible assets	21,500
Right-of-use assets	19,987
Trade receivables	119,126
Deposits, prepayments and other receivables	13,951
Cash held on behalf of clients	47,044
Cash and bank balances	13,080
Trade payables	(47,876)
Lease liabilities	(20,416)
Accruals and other payables	(1,202)
Taxation payable	(4,453)
Deferred tax liabilities	<u>(3,465)</u>
	168,716
Goodwill arising from acquisition	<u>75,695</u>
	<u>244,411</u>
Satisfied by:	
Cash	212,500
Present value of the Total Retained Consideration	32,855
Fair value of the Profit Guarantee	<u>(944)</u>
	<u>244,411</u>
Net cash flow arising on the acquisition is as follows:	
Purchase consideration settled by cash	(212,500)
Cash and bank balances acquired	<u>13,080</u>
	<u><u>(199,420)</u></u>

15 GAIN ON DISPOSAL OF A SUBSIDIARY IN DISCONTINUED OPERATION

On 20 February 2020, the Group entered into a disposal agreement (the “NC Shipping Disposal”) with an independent third party, pursuant to which, the Group (i) disposed of its 100% equity interest in 汕頭市仁瑞船務有限公司 (“NC Shipping”), an indirect wholly owned subsidiary of the Company; and (ii) assigned the shareholder’s loan of approximately RMB3.9 million (equivalent to approximately HK\$4,300,000) in full owing from NC Shipping to the Group for a cash consideration of RMB1.

The NC Shipping Disposal was completed on 20 March 2020. The major classes of assets and liabilities of NC Shipping as at the completion date of the NC Shipping Disposal were as follows:

	<i>HK\$’000</i>
Plant and equipment	12,193
Deposits, prepayments and other receivables	206
Inventories	21
Accruals and other payables	(13,520)
Taxation payable	(49)
Amount due to the Group	<u>(4,296)</u>
	(5,445)
Assignment of amount due to the Group	<u>4,296</u>
Gain on disposal before release of foreign currency translation reserve	(1,149)
Release of cumulative exchange differences on translation of foreign operation	(1,330)
Gain on disposal of a subsidiary	<u>2,479</u>
Satisfied by:	
Cash	<u>—*</u>
Net cash flow arising on the disposal is as follows:	
Consideration settled in cash	<u>—*</u>

* *The negligible consideration has not be shown due to rounding.*

16 COMMITMENTS

(a) The Group as lessee

At the end of the reporting period, the lease commitments for short-term leases (2019: total future minimum lease payments payable by the Group under non-cancellable operating leases) are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Not later than 1 year	21	3,796
Later than 1 year but not later than 5 years	<u>–</u>	<u>6,278</u>
	<u><u>21</u></u>	<u><u>10,074</u></u>

None of the leases include contingent rentals.

(b) The Group as lessor

The Group leases its property to independent third parties under operating lease arrangement with lease negotiated for terms of 1 year (2019: 1 year).

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Not later than 1 year	<u><u>981</u></u>	<u><u>1,053</u></u>

17 COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

Change of Company Name

Pursuant to a special resolution passed by the shareholders of the Company at a special general meeting on 31 May 2019 and approved by the Bermuda Registry of Companies on 22 July 2019, the name of the Company has been changed from “Noble Century Investment Holdings Limited” to “Hong Kong ChaoShang Group Limited” and the adoption of the Chinese name “香港潮商集團有限公司” as the secondary name of the Company in replacement of “仁瑞投資控股有限公司” has become effective. The Certificate of Registration of Change of Corporate Name of Non-Hong Kong Company confirming registration of the Company under the name of “Hong Kong ChaoShang Group Limited 香港潮商集團有限公司” under Part XI of the Companies Ordinance was issued by the Registrar of Companies in Hong Kong on 13 August 2019.

Financial Review

The Group recorded a turnover of approximately HK\$238.5 million with a gross profit of approximately HK\$79.9 million from the continuing operations during the year ended 31 March 2020 as compared to approximately HK\$105.1 million and HK\$38.0 million respectively for the last corresponding year. The loss for the year was narrowed to approximately HK\$20.8 million as compared to approximately HK\$36.0 million for the last corresponding year. The decrease in loss for the year was mainly attributable to the recognition of the followings:

- (i) an increase in gross profit and administration expenses for the year of approximately HK\$41.9 million and HK\$10.5 million, respectively, of which HK\$37.4 million and HK\$9.7 million was attributed by the financial services business acquired during the year;
- (ii) an increase in taxation charges and finance costs of approximately HK\$4.6 million and HK\$1.5 million respectively;
- (iii) a net decrease in impairment loss on trade receivables, deposits, prepayments and other receivables of approximately HK\$31.0 million;
- (iv) a decrease in loss from the discontinued operation (before gain on disposal of a subsidiary and release of foreign currency translation reserve) of approximately HK\$5.4 million, which was mainly due to an impairment loss on property, plant and equipment in relation to the Group’s cash generating unit of the vessel chartering business of approximately HK\$5.2 million was recorded for the year ended 31 March 2019;

- (v) there was a loss on changes in fair value of held-for-trading investments of approximately HK\$38.4 million for the year ended 31 March 2020 whilst a gain of approximately HK\$5.9 million was recorded in last corresponding year;
- (vi) there was a loss on changes in fair value of investment property of approximately HK\$2.1 million for the year ended 31 March 2020 whilst a gain of approximately HK\$297,000 was recorded in last corresponding year;
- (vii) a realised loss on disposal of held-for-trading investments of approximately HK\$1.1 million was recorded for the year whilst a gain of approximately HK\$4.2 million was recorded for the year ended 31 March 2019; and
- (viii) a gain on disposal of a subsidiary (after release of foreign currency translation reserve) of approximately HK\$2.5 million was recorded for the year whilst a loss of approximately HK\$5.5 million was recorded for the year ended 31 March 2019.

In order to strengthen the financial resources of the Group and for settlement of part of the consideration payable by the Company in respect of the acquisition of ChaoShang Financial Holding Limited and its subsidiaries (the “ChaoShang Financial”), the Company successfully completed a placing of 440,000,000 ordinary shares of the Company of HK\$0.02 each at a placing price of HK\$0.50 per placing share with net proceeds of approximately HK\$214.1 million on 27 December 2019.

As at 31 March 2020, the total assets and net assets of the Group amounted to approximately HK\$1,044.1 million (2019: HK\$806.5 million) and HK\$895.2 million (2019: HK\$748.3 million) respectively. The changes of the Group’s financial position during the year was mainly due to the completion of the acquisition of ChaoShang Financial on 31 December 2019. As such, an intangible asset and goodwill arising from the acquisition has been recognised and the results and assets of ChaoShang Financial has also been consolidated to the Group’s consolidated financial statement for the year ended 31 March 2020.

Business Review

Trading Business

The Group is principally engaged in seafood and electronics products trading business in the PRC. Despite the global economy slowdown and the uncertainties of the trading barriers between the PRC and the United States, the PRC's imports and exports value increased by 3.4% and the performance overall was steady during the year 2019.

The Group recorded a turnover of approximately HK\$161.3 million with a loss of approximately HK\$2.9 million from the trading business for the year ended 31 March 2020 as compared to approximately HK\$67.7 million and HK\$33.4 million respectively for the last corresponding year. The turnover was mainly attributed from the seafood trading for both years. The significant improvement of the trading business during the year ended 31 March 2020 was mainly attributable to the decrease in provision for impairment of trade receivables in the amount of approximately HK\$30.1 million.

The Group's electronic products trading is principally engaged in trading of parts of electronic equipment. The Group recorded a turnover of approximately HK\$8.1 million from trading of electronic products for the year ended 31 March 2020, as compared to approximately HK\$234,000 for the last corresponding year.

The outbreak of COVID-19 posed a significant threat to the global economy. The Group will closely observe the recovery of the economy and monitor the development and recovery of the COVID-19 and the ever changing operating environment and its impact to the Group's trading business.

Money Lending and Factoring Business

The Group's money lending and factoring business has steadily developed during the year. There were loan portfolios in Hong Kong and the PRC with outstanding principal amount of approximately HK\$67.6 million and factoring receivables of approximately HK\$27.0 million as at 31 March 2020. The Group recognised an aggregate interest income of approximately HK\$14.1 million with a profit of approximately HK\$9.7 million for the year ended 31 March 2020 as compared with approximately HK\$10.2 million and HK\$6.7 million respectively for the last corresponding year. The Group continuously carries out regular and periodic review of credit risk over the existing borrowers. While the Group will proactively explore customers with good quality to expand its business scale, it will continue to adopt a prudent credit risk management strategy to ensure a healthy development in its money lending and factoring business.

Finance Leasing Business

The Group is engaged in the finance leasing business in the PRC. It mainly offers machinery/equipment-based finance leases, the term 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 direct leasing and sale-leaseback services to customers which include companies that are principally engaged in cold storage, education, property leasing, property development and manufacture of environmentally friendly materials. The Group solicits its customers principally through referrals from former and existing customers, visits to potential customers by the sales staff, referrals from the finance leasing industry and the business connections of the sales staff. 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.

The finance leasing business maintained a portfolio with outstanding principal amount of approximately RMB159.7 million (equivalent to approximately HK\$174.1 million) as at 31 March 2020. The finance leasing portfolio has attributed a turnover of approximately HK\$25.7 million with a profit of approximately HK\$18.2 million to the Group during the year ended 31 March 2020 as compared to approximately HK\$27.2 million and HK\$17.4 million respectively for the last corresponding year.

The finance leasing business continue to provide the Group with profitable income stream under the controllable risk. Looking ahead, the Board believes that the finance leasing market in the PRC will still have a great business potential. It is expected that the Group's finance leasing business will record an accelerating growth in the coming years.

Financial Services Business

On 7 January 2019, the Company entered into a sales and purchases agreement (the "Acquisition") to acquire the entire equity interest in ChaoShang Financial, which has been granted licences to carry on Type 1, 2, 4 and 9 regulated activities as defined under the Securities and Futures Ordinance. ChaoShang Financial is principally engaged in provision of securities dealing broking, placing, underwriting, margin financing and asset management services in Hong Kong. The Acquisition was completed on 31 December 2019, and the business of ChaoShang Financial has been consolidated to the Group from January 2020. Details of the Acquisition are set out in Note 14 to this announcement.

The financial services business has attributed a turnover of approximately HK\$37.4 million with a profit of approximately HK\$27.7 million to the Group during the year ended 31 March 2020.

The average daily turnover of the Hong Kong stock market for the first three months of 2020 was HK\$120.9 billion, an increase of 20 per cent when compared with HK\$101.1 billion for the corresponding period of last year. The Group has completed six placing and underwriting projects and was contributed a turnover of approximately HK\$32.4 million of turnover to the Group for the year ended 31 March 2020.

The outlook for the Hong Kong economy is still uncertain and subject to the development and containment of the COVID-19 and local social events. The Board adopted a prudent approach in the financial services business and will closely monitor the market changes and timely adjust our strategies whenever necessary.

Vessel Chartering Business

The Group has ceased and discontinued its vessel chartering business during the year through disposal of a subsidiary.

In the past few years, the vessel chartering business had been operating under a challenging environment. Taking into consideration of (i) the small scale of the operation of the Group's vessel chartering business and its loss-making in continuous years; and (ii) the increasing repair and maintenance costs of the vessel, which may further reduce the income and profit margin of the Group, the Board has resolved to cease its vessel chartering business during the year. The Group entered into a disposal agreement on 20 February 2020, pursuant to which, the Group disposed of its entire equity interest in a subsidiary which is principally engaged in vessel chartering, details of which are set out in Note 15 to this announcement. The Board consider that the cessation of vessel chartering business will not have any material effect on the operation of the Group.

The Group recorded a turnover of approximately HK\$2.6 million with a operating loss of approximately HK\$814,000 from the vessel charting business during the year ended 31 March 2020 as compared to approximately HK\$3.2 million and HK\$6.2 million respectively for the last corresponding year.

The decrease in the loss for the year was attributable to the impairment loss recognised to the cash-generating unit of the vessel chartering business in the amount of approximately HK\$5.2 million during the year ended 31 March 2019 and the gain on disposal of the disposal company of the vessel chartering business and release of foreign currency translation reserve of approximately HK\$1.1 million and HK\$1.3 million respectively during the year ended 31 March 2020.

Outbreak of COVID-19

The recent outbreak of COVID-19 has significant impact on the global economy and it has imposed uncertainty on the Group's businesses in the coming financial year. The Group will pay close attention to the development of the COVID-19 outbreak and evaluated its impact on the financial position and operating results of the Group. As at the date of this announcement, the Group was not aware of any material adverse impact on the financial statement 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 assess and evaluate each of the investment opportunities to further strengthen the Group's long term development and 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\$17.1 million as at 31 March 2020. Due to the volatile stock market in Hong Kong, the Group recorded an unrealised loss on changes in fair value of held-for-trading investments of approximately HK\$38.4 million during the year as compared to a gain of approximately HK\$5.9 million for the last corresponding year. The Group disposed certain of the held-for-trading investments with a realised loss of approximately HK\$1.1 million for the year ended 31 March 2020, whilst a gain of approximately HK\$4.2 million was recorded 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 2020, the Group had cash and bank balances of approximately HK\$183.4 million (2019: HK\$140.3 million) and total borrowings of approximately HK\$33.9 million (2019: HK\$4.6 million). The Group's gearing ratio, calculated by dividing total borrowings by total equity, was 3.78% (2019: 0.61%). The liquidity ratio, being the ratio of current assets over current liabilities was 8.31 as at 31 March 2020 (2019: 10.74).

The Group completed the acquisition of ChaoShang Financial during the year and the assets and liabilities of ChaoShang Financial have been consolidated to the Group's consolidated financial statement. Save for the above, there was no material changes in the liquidity ratio for the year. The increase in the gearing ratio during the year was mainly due to the issuance of a bond and the recognition of lease liabilities following the adoption of HKFRS 16 on 1 April 2019.

Foreign Exchange Exposure

Operations of the Group are mainly conducted in Hong Kong dollar (“HK\$”), Renminbi (“RMB”), Euro (“EUR”) and US dollar (“US\$”) and its revenue, expenses, assets, liabilities and borrowings are principally denominated in HK\$, RMB, EUR 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 2020.

Capital Structure and Fund Raising Activities

On 2 December 2019, the Company entered into a placing agreement with a placing agent to place (the “Placing”) 440,000,000 shares of the Company of HK\$0.02 each in an aggregate nominal value of HK\$8,800,000 at a placing price of HK\$0.50 each. The Placing was completed on 27 December 2019 and the shares were placed to not less than six independent places, with net proceeds of approximately HK\$214.1 million (equivalent to HK\$0.49 per share), of which HK\$204.0 million has been applied to settle part of the consideration payable by the Company in respect of the acquisition of ChaoShang Financial, details of which are set out in the paragraph headed “Significant Acquisition and Disposal of Assets” below. The remaining of approximately HK\$10.1 million was applied as general working capital of the Group.

Save as the disclosure above, there was no change in the capital structure of the Company during the year.

Charges on Group Assets

As at 31 March 2020, none of the Group’s asset was pledged to secure any facilities and borrowings granted to the Group.

Significant Acquisition and Disposal of Assets

On 7 January 2019, the Company entered into a sales and purchase agreement (the “CS Acquisition”) with independent third parties, pursuant to which, the Company agreed to acquire 100% equity interest in ChaoShang Financial at a consideration of HK\$250 million. ChaoShang Financial holds licences to carry on Type 1, 2, 4 and 9 regulated activities under the Securities and Futures Ordinance and is principally engaged in provision of securities dealing broking, placing, underwriting, margin financing and asset management services in Hong Kong. The CS Acquisition was approved by the Shareholders of the Company at a special general meeting held on 31 May 2019 and was further approved by the Securities and Futures Commission of Hong Kong on 13 August 2019. The CS Acquisition was completed on 31 December 2019, details of which are set out in Note 14 to this announcement.

On 20 February 2020, the Group entered into a disposal agreement (the “NC Shipping Disposal”) with an independent third party, pursuant to which, the Group (i) disposed of its 100% equity interest in 汕頭市仁瑞船務有限公司 (“NC Shipping”), an indirect wholly owned subsidiary of the Company which holds a vessel; and (ii) assigned the shareholder’s loan of approximately RMB3.9 million (equivalent to approximately HK\$4.3 million) in full owing from NC Shipping to the Group for a cash consideration of RMB1. The NC Shipping Disposal was completed on 20 March 2020 with a gain of approximately HK\$2.5 million. Details of which are set out in Note 15 to this announcement. Upon completion of the NC Shipping Disposal, the Group ceased and discontinued its operation in the vessel chartering business.

Save as disclosed above and 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 2020, the Group had held-for-trading investments in securities in Hong Kong (the “Securities Investments”) with a market value of approximately HK\$17.1 million. The Group recorded a realised loss of approximately HK\$1.1 million (2019: gain of approximately HK\$4.2 million) in respect of the Securities Investments during the year. The other details of the Securities Investments as at 31 March 2020 are as follows:

Company name	Stock code	Principal activities	Number of shares held	% of shareholdings	Cost of acquisition HK\$'000	Fair value as at 31 March 2020 HK\$'000	% of net assets of the Group as at 31 March 2020	Unrealised loss on fair value changes for the year HK\$'000	
1	Royal Century Resources Holdings Limited	8125	Provision of design and fitting-out services, design and procurement of furnishings and related products services, money lending and sourcing and merchandising of fine and rare wines	84,612,000	16.19%	15,121	4,738	0.53%	(4,305)
2	China Best Group Holding Limited	370	Air freight forwarding and brokers for airline and shipping companies, trading of securities and goods, freight forwarding agent, provision of finance lease services and finance consultancy services, money lending services, securities brokerage services, futures brokerage services, residential and commercial property agency services, building architecture and interior design services and property investment	30,000,000	0.59%	12,660	4,500	0.50%	(1,320)
3	Evershine Group Holdings Limited	8022	Trading business, mobile application business, properties development and investment business, cemetery business and money lending business	23,628,000	1.09%	8,624	402	0.04%	(27,243)
4	Others				13,192	7,460	0.83%	(5,570)	
					<u>49,597</u>	<u>17,100</u>		<u>(38,438)</u>	

Contingent Liabilities

The Group did not have significant contingent liabilities as at 31 March 2020.

Commitments

Details of the commitments are set out in Note 16 to this announcement.

Employees and Remuneration Policies

As at 31 March 2020, the Group employed approximately 57 (2019: 60) 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 2020.

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 2020.

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 2020 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 31 March 2020. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in this announcement have been agreed by the Group's 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 under "Latest Listed Company Information" and on the Company's website at www.changshong.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, 29 June 2020

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.