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CENTRAL HOLDING GROUP CO. LTD.

中環控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1735)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

FINANCIAL HIGHLIGHTS

- The Group’s revenue for the year ended 31 March 2020 amounted to approximately HK\$180.4 million (year ended 31 March 2019: approximately HK\$199.2 million).
- Loss attributable to the owners of the Company for the year ended 31 March 2020 amounted to approximately HK\$12.7 million (for the year ended 31 March 2019: approximately HK\$10.8 million).
- Basic and diluted loss per Share for the year ended 31 March 2020 amounted to approximately HK cents 4.81 (year ended 31 March 2019: approximately HK cents 4.10).
- EBITDA for the year ended 31 March 2020 amounted to a loss of approximately HK\$7.7 million (year ended 31 March 2019: a loss of approximately HK\$9.7 million).
- The Board did not recommend the payment of a final dividend for the year ended 31 March 2020 (year ended 31 March 2019: nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Central Holding Group Co. Ltd. (the “**Company**”) is pleased to present the audited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2020 (the “**Reporting Year**”) together with the comparative figures for the year ended 31 March 2019 (the “**Previous Reporting Year**”) as follows:

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

For the year ended 31 March 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	3	180,447	199,228
Direct costs		<u>(173,320)</u>	<u>(191,260)</u>
Gross profit		7,127	7,968
Other income and net gains	3	4,347	1,512
Gain on fair value changes of investment properties		5,375	–
Administrative and other operating expenses		(27,381)	(18,852)
Finance costs		<u>(18)</u>	<u>–</u>
Loss before income tax	4	(10,550)	(9,372)
Income tax expense	5	<u>(2,137)</u>	<u>(1,442)</u>
Loss for the year		<u>(12,687)</u>	<u>(10,814)</u>
Other comprehensive (expense)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
— Exchange differences arising on translation of foreign operations		(98)	–
— Change in fair value of debt instrument at fair value through other comprehensive income		–	29
— Adjustment for disposal of debt instrument at fair value through other comprehensive income		<u>–</u>	<u>7</u>
Other comprehensive (expense)/income for the year, net of tax		<u>(98)</u>	<u>36</u>
Total comprehensive expense for the year attributable to owners of the Company		<u>(12,785)</u>	<u>(10,778)</u>
		<i>HK Cents</i>	<i>HK Cents</i>
Loss per share attributable to owners of the Company			
— Basic and diluted loss per share	6	<u>(4.81)</u>	<u>(4.10)</u>

Details of dividends are disclosed in Note 7.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		10,186	10,533
Right-of-use assets		604	–
Investment properties		25,717	–
Intangible assets		3,625	–
Deposit and prepayment for life insurance policy		3,074	2,990
		<u>43,206</u>	<u>13,523</u>
Current assets			
Contract assets		62,769	61,564
Trade and other receivables	8	52,650	59,002
Tax recoverable		1,327	5,365
Cash and bank balances		114,462	62,633
		<u>231,208</u>	<u>188,564</u>
Total assets		<u><u>274,414</u></u>	<u><u>202,087</u></u>
EQUITY			
Capital and reserves			
Share capital		2,640	2,640
Reserves		158,074	170,859
Total equity		<u>160,714</u>	<u>173,499</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		168	–
Liabilities for long service payments		876	753
Deferred tax liabilities		2,602	1,029
		<u>3,646</u>	<u>1,782</u>

	<i>Notes</i>	2020 HK\$'000	2019 <i>HK\$'000</i>
Current liabilities			
Trade and other payables	9	29,466	26,806
Lease liabilities		450	–
Amounts due to related companies		79,719	–
Tax payables		419	–
		<hr/> 110,054	<hr/> 26,806
Total liabilities		<hr/> 113,700	<hr/> 28,588
Total equity and liabilities		<hr/> 274,414	<hr/> 202,087
Net current assets		<hr/> 121,154	<hr/> 161,758
Total assets less current liabilities		<hr/> 164,360	<hr/> 175,281

NOTES

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands on 29 March 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares (the “**Shares**”) have been listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 29 March 2018. As at 31 March 2020, its parent and ultimate holding company is Central Culture Resource Group Limited, a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability and wholly-owned by Mr. Yu Zhuyun, the controlling shareholder of the Company.

Pursuant to the special resolution passed by the shareholders (the “**Shareholders**”) at the extraordinary general meeting of the Company held on 24 October 2019, the Company’s English name has been changed from “Wang Yang Holdings Limited” to “Central Holding Group Co. Ltd.”, and its dual foreign name in Chinese has been changed from “泓盈控股有限公司” to “中環控股集團有限公司”. The Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 25 October 2019 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 8 November 2019.

The Company’s registered office address is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands, and the Company’s principal place of business in Hong Kong is Office 5509, 55th Floor, The Center, 99 Queen’s Road Central, Central, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the business (i) of foundation works and superstructure building works in Hong Kong; (ii) property development and investment; and (iii) logistics services and information technology development in the People’s Republic of China (the “**PRC**”).

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

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

2.2 Changes in accounting policies and disclosures

(i) *New and amendments to HKFRSs that are mandatorily effective for the current year*

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

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

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(ii) *HKFRS 16 Leases*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* (“**HKAS 17**”), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

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

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application.

The following is the reconciliation of operating lease commitments as at 31 March 2019 to the lease liabilities as at 1 April 2019:

	At 1 April 2019 HK\$'000
Operating lease commitments disclosed as at 31 March 2019	733
Less: Practical expedient — leases with lease term ending within 12 months from the date of initial application	(733)
Lease liabilities as at 1 April 2019	<u> </u> <u> </u> —

There was no impact of transition to HKFRS 16 on the retained earnings as at 1 April 2019.

(iii) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in HKFRSs*, will be effective for annual periods beginning on or after 1 January 2020.

The Directors anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE, OTHER INCOME AND NET GAINS AND SEGMENT INFORMATION

Revenue and other income recognised during the years are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue		
Foundation works and superstructure building works	177,801	199,228
Logistics services and information technology development	2,646	–
	<u>180,447</u>	<u>199,228</u>
Other income and net gains		
Interest income	190	1,222
Gain on disposal of property, plant and equipment	120	–
Adjustment for disposal of debt instrument at fair value through other comprehensive income	–	(7)
Operating lease income — machinery and equipment	3,875	–
Sundry income	162	297
	<u>4,347</u>	<u>1,512</u>

Segment information

The Group's operating segments are determined based on information reported to the board of directors of the Company, being the chief operating decision-maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance.

Specifically, the Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

- (i) Foundation works and superstructure building works — provision of piling works, excavation and lateral support works, and pile cap construction and building works in relation to the parts of the structure above the ground level and other construction works;
- (ii) Property development and investment — development and sale of properties and holding of properties for investment and leasing purposes; and
- (iii) Others — provision of logistics services and information technology development.

The Group has introduced additional segments of (i) property development and investment; and (ii) others during the year.

Segment revenue and results

The following is an analysis of the Group's revenue and result by operating segments:

For the year ended 31 March 2020

	Foundation works and superstructure building works <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE				
Revenue from external customers	<u>177,801</u>	<u>–</u>	<u>2,646</u>	<u>180,447</u>
RESULT				
Segment profit	<u>5,374</u>	<u>5,375</u>	<u>1,753</u>	12,502
Other income and net gains				4,347
Unallocated corporation expenses				(27,381)
Finance costs				<u>(18)</u>
Loss before income tax				<u>(10,550)</u>

For the year ended 31 March 2019

	Foundation works and superstructure building works <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE				
Revenue from external customers	<u>199,228</u>	<u>–</u>	<u>–</u>	<u>199,228</u>
RESULT				
Segment profit	<u>7,968</u>	<u>–</u>	<u>–</u>	7,968
Other income and net gains				1,512
Unallocated corporation expenses				<u>(18,852)</u>
Loss before income tax				<u>(9,372)</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2019: nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit from each segment without allocation of other income and net gains, unallocated corporate expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Segment assets		
Foundation works and superstructure building works	124,087	130,939
Property development and investment	27,912	–
Others	3,080	–
	<hr/>	<hr/>
Total segment assets	155,079	130,939
Unallocated corporate assets	119,335	71,148
	<hr/>	<hr/>
Consolidated total assets	274,414	202,087
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities		
Foundation works and superstructure building works	25,380	25,360
Property development and investment	75,172	–
Others	3,312	–
	<hr/>	<hr/>
Total segment liabilities	103,864	25,360
Unallocated corporate liabilities	9,836	1,446
	<hr/>	<hr/>
Consolidated total liabilities	113,700	26,806
	<hr/> <hr/>	<hr/> <hr/>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than tax recoverable, cash and bank balance and other unallocated corporate assets; and
- all liabilities are allocated to operating segments other than deferred tax liabilities, liabilities for long service payments and other unallocated corporate liabilities.

Geographical information

The Group's operations are located in both Hong Kong and the PRC.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		Non-current assets	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong	177,801	199,228	10,210	10,533
The PRC	2,646	–	29,922	–
	<u>180,447</u>	<u>199,228</u>	<u>40,132</u>	<u>10,533</u>

Note: Non-current assets excluded deposit and prepayment for life insurance policy.

Information about major customers

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer I ¹	53,390	68,237
Customer II ¹	38,661	63,872
Customer III ¹	19,669	N/A ²
Customer IV ¹	N/A ²	24,877

¹ Revenue from foundation works and superstructure building works.

² The corresponding revenue did not contribute over 10% of the total revenue of the Group in the respective years.

4. LOSS BEFORE INCOME TAX

Loss before taxation has been arrived at after charging:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Auditors' remuneration	1,600	998
Depreciation of property, plant and equipment	2,675	937
Depreciation of right-of-use assets	299	–
Reversal of impairment losses on trade receivables	(18)	(10)
Provision/(reversal) of impairment losses on contract assets	22	(9)
Provision of impairment losses on other receivables and deposits	37	23
Rental expense from short-term leases	1,759	–
Operating lease rental in respect of:		
— equipment and machinery	–	1,877
— office premise	–	599
— director's quarter (included in director's emoluments)	–	300
— others	–	13
Staff costs (including directors' emoluments)	<u>25,213</u>	<u>23,992</u>

5. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong Profits Tax		
— Current tax	99	441
— Over-provision in prior year	(6)	(20)
The PRC Enterprise Income Tax		
— Current tax	429	—
Deferred tax	<u>1,615</u>	<u>1,021</u>
Income tax expense	<u><u>2,137</u></u>	<u><u>1,442</u></u>

6. LOSS PER SHARE

The calculation of the basic loss per share of the year ended 31 March 2020 is based on the loss for the year of approximately HK\$12,687,000 (2019: approximately HK\$10,814,000) and the weighted average number of ordinary shares in issue during the year ended 31 March 2020 of 264,000,000 (2019: 264,000,000). No diluted earnings per share is presented for both years as there was no potential ordinary share outstanding.

7. DIVIDENDS

No dividend was proposed or paid by the Board for the year ended 31 March 2020 (2019: Nil).

8. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	27,907	37,761
Less: Provision for impairment losses on trade receivables	<u>(5)</u>	<u>(23)</u>
	27,902	37,738
Other receivables, deposits and prepayments	24,808	21,287
Less: Provision for impairment losses on other receivables and deposits	<u>(60)</u>	<u>(23)</u>
	<u><u>52,650</u></u>	<u><u>59,002</u></u>

Notes:

- (a) The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The credit period granted to customers is 7 to 30 days generally.

(b) The ageing analysis of the trade receivables based on payment certificate date/invoice date is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0–30 days	16,096	13,474
31–60 days	2,095	19,472
61–90 days	6,273	341
Over 90 days	3,443	4,474
	<u>27,907</u>	<u>37,761</u>

9. TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	16,303	16,101
Accruals and other payables	13,163	10,705
	<u>29,466</u>	<u>26,806</u>

Note:

Payment terms granted by suppliers are generally 7 to 90 days from the invoice date of the relevant purchases.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0–30 days	11,860	9,732
31–60 days	1,884	6,178
61–90 days	879	113
Over 90 days	1,680	78
	<u>16,303</u>	<u>16,101</u>

10. EVENTS AFTER THE REPORTING PERIOD

The Board resolved to change the financial year end date of the Company from 31 March to 31 December. The next financial year end date of the Group will be 31 December 2020 and the next audited consolidated financial statements of the Group to be published will be in respect of the nine month period from 1 April 2020 to 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a contractor in Hong Kong undertaking (i) foundation works which include piling works, excavation and lateral support works, and pile cap construction; (ii) superstructure works which include building works in relation to the parts of the structure above the ground level; and (iii) other construction works such as demolition works, site formation works, ground investigation works, minor works, hoarding works, alteration and addition works and fitting-out works. In addition, the Group is engaged in property development and investment business and logistics services and information technology development in the PRC. The majority of the Group's revenue for the Reporting Year was derived from construction work contracts.

The Shares were listed on the Main Board of the Stock Exchange (the “**Listing**”) on 29 March 2018 (the “**Listing Date**”).

As at 31 March 2020, we had 8 contracts on hand with a total original contract value of approximately HK\$383.1 million. As at 31 March 2019, we had 6 contracts on hand with a total original contract value of approximately HK\$336.8 million.

The Directors are of the view that the business environment in which the Group operates becomes tough and the Group's gross profit and gross profit margin will continue to be under pressure from low bidding price on the tenders, which will in turn affect the business performance of the Group. It is anticipated that, Mr. Yu Zhuyun, the new ultimate controlling Shareholder, will leverage his personal background and management experience in various industries, including real estate development, commercial property leasing, environmentally friendly construction, cultural and creative industries, smart logistics and trade development, as well as health and wellness industries in the PRC, to explore related business opportunities in the future. The Group is confident in maintaining its competitiveness and the Directors will continue to closely monitor the market development and industry conditions.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Reporting Year amounted to approximately HK\$180.4 million, i.e. about 9.4% less than that of approximately HK\$199.2 million for the Previous Reporting Year. Such decline was mainly attributable to the temporary disruption of the Company's construction projects in the second half of the Reporting Year as a result of the outbreak of COVID-19 in Hong Kong.

Gross Profit and Gross Profit Margin

The Group's gross profit for the Reporting Year amounted to approximately HK\$7.1 million, representing a decrease of approximately 10.6% as compared to the Previous Reporting Year. The decrease was mainly due to the decrease in revenue as a result of the outbreak of COVID-19 and the increase in direct cost associated with the unexpected complexity arising from the Group's construction works at Austin Avenue and Carpenter Road, Hong Kong (the

“**Construction Works**”) during the Reporting Year. The complexity of the Construction Works involved, among others, (i) the discovery of additional underground utilities despite prior site inspection; and (ii) additional requirements in excavation and lateral support planning. As a result, the Construction Works have been prolonged and/or varied and the Group’s direct cost increased. The Group’s gross profit margin for the Reporting Year remained stable at approximately 4.0% as compared with approximately 4.0% for the Previous Reporting Year.

Other Income and Net Gains

The Group’s other income and net gains for the Reporting Year amounted to approximately HK\$4.3 million, representing an increase of approximately 187.5% compared with approximately HK\$1.5 million for the Previous Reporting Year. The increase was mainly attributable to the machinery rental income of approximately HK\$3.9 million during the Reporting Year.

Administrative and Other Operating Expenses

The Group’s administrative and other operating expenses for the Reporting Year amounted to approximately HK\$27.4 million, representing an increase of approximately 45.2% compared with approximately HK\$18.9 million for the Previous Reporting Year. The increase was mainly due to the professional fees relating to the unconditional mandatory cash offer and the costs for the recruitment of new staff during the Reporting Year.

Income Tax Expense

The Group’s income tax expense increased by approximately 48.2% from approximately HK\$1.4 million for the Previous Reporting Year to approximately HK\$2.1 million for the Reporting Year. Such increase was mainly due to the deferred tax expenses on capital gains of investment property of approximately HK\$1.6 million. However, such increase was partially offset by the decrease in gross profit for the Reporting Year.

Net Loss

As a result of the aforesaid, and in particular the decrease in gross profit, the Group reported a net loss for the Reporting Year of approximately HK\$12.7 million, while the Group reported a net loss of approximately HK\$10.8 million for the Previous Reporting Year.

Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”)

Non-HKFRS measures are to supplement the Group’s financial results which are presented in accordance with HKFRSs. EBITDA is used as an additional financial measure. The Group believes that non-HKFRS measures provide useful information to investors and others to understand and evaluate the Group’s consolidated results for the purpose of comparison across accounting periods and with those of our peer companies.

The following table sets forth the Group's non-HKFRSs financial data for the Reporting Year and the Previous Reporting Year:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the year	(12,687)	(10,814)
Interest income	(190)	(1,222)
Finance costs	18	–
Taxation	2,137	1,442
Depreciation	2,974	937
	<hr/>	<hr/>
EBITDA	(7,748)	(9,657)
	<hr/> <hr/>	<hr/> <hr/>

EBITDA for the Reporting Year amounted to a loss of approximately HK\$7.7 million, representing a decrease of 19.8% compared with a loss of approximately HK\$9.7 million for the Previous Reporting Year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Reporting Year, the Group funded its liquidity and capital requirements primarily through capital contributions and cash inflow generated from operating activities.

As at 31 March 2020, the Group had cash and bank balances of approximately HK\$114.5 million (31 March 2019: approximately HK\$62.6 million). The increase was mainly due to (i) the change of controlling Shareholder; and (ii) the unsecured and interest-free loan from related companies which are controlled by the controlling shareholder during the Reporting Year.

As at 31 March 2020, the share capital and equity attributable to owners of the Company amounted to approximately HK\$2.6 million and HK\$158.1 million, respectively (31 March 2019: approximately HK\$2.6 million and HK\$170.9 million, respectively).

The current ratio decreased from 7.0 times as at 31 March 2019 to 2.1 times as at 31 March 2020 mainly due to increase in amounts due to related companies during the Reporting Year.

Foreign Exchange Risk

The Group mainly operates in Hong Kong and has commenced new operations in the PRC in 2019. Accordingly, all operating transactions and revenue are settled in Hong Kong dollars and Renminbi, subjecting the Group to foreign exchange risk. The Group has actively taken various measures to manage foreign exchange risk since 2019.

Significant Investment, Material Acquisitions and Disposal of Subsidiaries and Associates Companies

On 30 October 2019, the Group acquired the state-owned land use rights of a land parcel located in Quzhou City, Zhejiang Province, the PRC at a consideration of RMB18,210,000 (equivalent to approximately HK\$20,225,483) (the “**Acquisition**”). The balance of the consideration of the Acquisition was fully settled on 19 December 2019. Please refer to the announcements of the Company dated 31 October 2019 and 19 December 2019 for details of the Acquisition.

Save as disclosed hereinabove, during the Reporting Year, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries or associated companies.

EMPLOYEES

The Group had 64 employees (including full-time and casual employees who are paid on a daily basis) as at 31 March 2020 (31 March 2019: 42). Total staff costs including Directors’ emoluments, salaries, wages and other staff benefits, contributions and retirement schemes, provisions for staff long service payment and untaken paid leave for the Reporting Year amounted to approximately HK\$25.2 million (the Previous Reporting Year: approximately HK\$24.0 million). The remuneration policy and package of the Group’s employees are periodically reviewed. Apart from mandatory provident fund and job training programs, salary increment and discretionary bonuses may be awarded to employees upon approval by the Board according to the Group’s operating results, individual performance and market situation.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 March 2020 and 31 March 2019.

CONTINGENT LIABILITIES

Our subsidiaries are involved in a number of potential claims relating to employees’ compensation cases and personal injuries claims as well as summonses for safety-related incidents in the ordinary course of business as at the date of this announcement. The Directors considered that the possibility of any outflow in settling (i) the potential personal injuries claims was remote as these claims were well covered by insurance; and (ii) the summonses will be insignificant to the business of the Group. Accordingly, no provision for the contingent liabilities in respect of the potential personal injuries claims and the summonses is necessary after due consideration of each case.

USE OF PROCEEDS FROM THE LISTING

The Shares have been listed on the Main Board of the Stock Exchange since 29 March 2018 (the “**Listing Date**”). The total net proceeds (the “**Net Proceeds**”) from the initial public offering amounted to approximately HK\$73.5 million. The Net Proceeds were applied by the Group in accordance with the disclosure as set out in the section headed “Future Plans and

Use of Proceeds” in the prospectus of the Company dated 19 March 2018 (the “**Prospectus**”). The below table sets out the planned use of the Net Proceeds, the actual use of the Net Proceeds from the Listing Date and up to 31 March 2020 and the unused amount of the Net Proceeds as at 31 March 2020:

	Planned use of the Net Proceeds HK\$'000	Actual use of the Net Proceeds from the Listing Date and up to 31 March 2020 HK\$'000	Unused amount of the Net Proceeds as at 31 March 2020 HK\$'000
Hiring of additional staff	11,600	3,602	7,998
Acquisition of additional machinery and equipment	54,900	8,760	46,140
General working capital	7,000	7,000	–
Total	73,500	19,362	54,138

The Net Proceeds that were not applied immediately have been placed in the short-term demand deposits with licensed banks in Hong Kong as at the date of this announcement.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the Reporting Year (the Previous Reporting Year: nil).

EVENTS AFTER THE REPORTING YEAR

Save as disclosed in note 10, there was no significant event after the Reporting Year and up to the date of this announcement.

CORPORATE GOVERNANCE CODE

The Company had applied the principles of and complied with all the applicable code provisions (the “**Code Provisions**”) as set out under the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Listing Rules during the Reporting Year and up to the date of this announcement, with the exception of Code Provision A.2.1 of the CG Code. The Directors will periodically review the Company’s corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the Code Provisions from time to time.

Mr. Yu Zhuyun was appointed as the chief executive officer (the “CEO”) with effect from 30 April 2020, and is currently serving as both the chairman of the Board (the “Chairman”) and the CEO. Such practice deviates from Code Provision A.2.1 of the CG Code. The Board believes that vesting the roles of both the Chairman and the CEO in the same person can facilitate the execution of the Group’s business strategies and enhance its operational efficiency. The Board is currently comprised of two executive Directors, three non-executive Directors and three independent non-executive Directors, which is appropriately structured to ensure that there is a balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders. Therefore, the Board considers that the deviation from Code Provision A.2.1 of the CG Code is appropriate in such circumstance.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as its code of conduct for Directors’ securities transactions. In response to specific enquires by the Company, all Directors have confirmed that they have fully complied with the requirements set out in the Model Code during the Reporting Year and up to the date of this announcement.

The senior management and staff have been individually notified and advised about the Model Code by the Company.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the sole Shareholder on 13 March 2018, the Company adopted a share option scheme (the “Share Option Scheme”) with effect from 13 March 2018. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules and are summarised in Appendix IV to the Prospectus. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of the Group, and to promote the business of the Group. As at the date of this announcement, the total number of shares available for issue under the Share Option Scheme was 26,400,000 Shares, representing 10% of the entire issued share capital of the Company. No share option had been granted, exercised, cancelled or lapsed since the effective date of the Share Option Scheme and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

No purchase, sale or redemption of the Company’s listed securities was made by the Company or any of its subsidiaries during the Reporting Year and up to the date of this announcement.

COMPETING INTERESTS

The Directors have confirmed that none of the controlling Shareholders of the Company or the Directors and their respective close associates (as defined in the Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business during the Reporting Year and up to the date of this announcement, and that is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

AUDIT COMMITTEE REVIEW

The Company established the audit committee (the “**Audit Committee**”) on 13 March 2018 in accordance with Rule 3.21 of the Listing Rules with the written terms of reference in compliance with the CG Code as set out in Appendix 14 of the Listing Rules. The Audit Committee consists of three Directors, namely Mr. Wang Wenxing and Dr. Li David Xianglin, each being an independent non-executive Director, and Mr. Qiao Xiaoge, being a non-executive Director. Mr. Wang Wenxing currently serves as the chairperson of the Audit Committee.

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company had maintained a sufficient amount of public float for its Shares as required under the Listing Rules during the Reporting Year and up to the date of this announcement.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (the “**AGM**”) of the Company will be held on Monday, 3 August 2020. A notice convening the AGM will be issued and sent to the Shareholders in due course in the manner required under the Listing Rules. The register of members of the Company will be closed from Tuesday, 28 July 2020 to Monday, 3 August 2020 (both dates inclusive) during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Monday, 27 July 2020.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.chghk.com. The annual report of the Company for the Reporting Year containing all information required by the Listing Rules will be despatched to the Shareholders and will be published on the websites of both the Stock Exchange and the Company in due course.

By Order of the Board
Central Holding Group Co. Ltd.
Yu Zhuyun
Chairman and Chief Executive Officer

Hong Kong, 29 May 2020

As at the date of this announcement, the Board comprises Mr. Yu Zhuyun (Chairman and CEO) and Mr. Li Menglin as executive Directors; Mr. Qiao Xiaoge, Mr. Gao Jian and Ms. Zhu Yujuan as non-executive Directors; and Dr. Li David Xianglin, Mr. Wang Wenxing and Dr. Zhou Chunsheng as independent non-executive Directors.