CENTRAL DEVELOPMENT HOLDINGS LIMITED
中發展控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 475)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

The board (the "Board") of directors (the "Directors") of Central Development Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2020 together with the comparative audited figures for the year ended 31 March 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	NOTES	**2020** ***HK$'000***	2019 *HK$'000*
Revenue	3	**110,640**	148,623
Cost of sales		**(106,799)**	(137,863)
Gross profit		**3,841**	10,760
Other income		**3,233**	801
Other gains and losses, net	5	**(6,576)**	550
Selling and distribution costs		**(6,153)**	(2,776)
Administrative expenses		**(25,111)**	(25,910)
Other expenses		**(3,183)**	—
Equity-settled share-based payments		**(845)**	(16,621)
Finance costs	6	**(6,467)**	(1,063)
Share of result of an associate		**—**	(144)
Loss before taxation		**(41,261)**	(34,403)
Income tax	7	**(131)**	(203)
Loss for the year	8	**(41,392)**	(34,606)
Other comprehensive (expense) income for the year			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(505)**	(1,874)
Fair value gain on revaluation of properties		**6,469**	—
Deferred tax relating to fair value gain on revaluation of properties		**(1,617)**	—
Total comprehensive expense for the year		**(37,045)**	(36,480)
(Loss) profit for the year attributable to:			
Owners of the Company		**(33,476)**	(35,605)
Non-controlling interests		**(7,916)**	999
		(41,392)	(34,606)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(28,892)**	(37,478)
Non-controlling interests		**(8,153)**	998
		(37,045)	(36,480)
Loss per share	9		
Basic (HK cents)		**(9.86)**	(10.75)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2020

	NOTES	**2020**	2019
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**43,083**	65,009
Right-of-use assets		**11,436**	—
Prepaid lease payment		**—**	10,846
Investment properties		**22,153**	—
Rental deposits		**—**	237
		76,672	76,092
Current assets			
Inventories		**6,836**	2,267
Trade receivables	11	**15,524**	24,729
Other receivables, deposits and prepayments	11	**15,246**	11,058
Contract assets		**274**	3,704
Prepaid lease payment		**—**	245
Bank balances and cash		**37,319**	65,467
		75,199	107,470
Current liabilities			
Trade payables	12	**14,760**	8,311
Other payables and accruals	12	**7,732**	39,316
Contract liabilities		**316**	1,120
Loans from a shareholder		**4,754**	—
Bank borrowing		**2,080**	—
Lease liabilities		**1,424**	—
Income tax liabilities		**—**	177
		31,066	48,924
Net current assets		**44,133**	58,546

	2020	2019
	HK$'000	*HK$'000*
Non-current liabilities		
Loans from a controlling shareholder	**72,129**	106,729
Deferred tax liability	**1,705**	26
Bank borrowing	**23,812**	—
Lease liabilities	**1,513**	—
	99,159	106,755
Net assets	**21,646**	27,883
Capital and reserves		
Share capital	**3,723**	3,382
Reserves	**23,899**	22,458
Equity attributable to owners of the Company	**27,622**	25,840
Non-controlling interests	**(5,976)**	2,043
Total equity	**21,646**	27,883

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. GENERAL

Central Development Holdings Limited (formerly known as Zhong Fa Zhan Holdings Limited) (the "Company") is a public limited company incorporated in the Cayman Islands as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent and ultimate holding company is Resources Rich Capital Limited, a company incorporated in the British Virgin Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is Room 2202, 22/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in jewelry business in the People's Republic of China ("PRC") and Hong Kong ("HK") and solar energy business in the PRC, HK and other countries. The Company and its subsidiaries are collectively referred to as the Group.

The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), as the Company's shares are listed on the Stock Exchange, the directors of the Company consider that it is appropriate to present the consolidated financial statements in HK$.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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 Hong Kong Institute of Certified Public Accountants (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.

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.

As at 1 April 2019, the Group recognised additional 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 comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedient 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; and

- excluded initial direct cost from measuring the right-of-use assets at the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities ranged from 3.50% to 4.75%.

	At 1 April 2019
	HK$'000
Operating lease commitments disclosed as at 31 March 2019	5,594
Lease liabilities discounted at relevant incremental borrowing rates	5,256
Less: Short-term leases and leases with lease term ending within 12 months from the date of initial application	(473)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	4,783
Lease liabilities as at 1 April 2019	4,783
Analysed as:	
Current	1,827
Non-current	2,956

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Right-of-use assets
	HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	4,783
Adjustment in rental deposits at 1 April 2019	10
Reclassified from prepaid lease payments *(note)*	11,091
	15,884
By class:	
Leasehold land	11,091
Office premises	4,793
	15,884

Note: Upfront payments for leasehold land in the PRC were classified as prepaid lease payments as at 31 March 2019. Upon initial application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to approximately HK$245,000 and HK$10,846,000 respectively are reclassified to right-of-use assets.

No adjustments were made to the accumulated losses at 1 April 2019.

The following adjustments were made to the consolidated statement of financial position as at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported as at 31 March 2019	**Adjustments**	**Carrying amounts under HKFRS 16 as at 1 April 2019**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Right-of-use assets	—	15,884	15,884
Prepaid lease payments	10,846	(10,846)	—
Current assets			
Other receivables, deposits and prepayments	11,058	(10)	11,048
Prepaid lease payments	245	(245)	—
Non-current liabilities			
Lease liabilities	—	2,956	2,956
Current liabilities			
Lease liabilities	—	1,827	1,827

As a lessor

The Group did not have any leases as a lessor as at 1 April 2019. Therefore, there was no impact on the consolidated statement of financial position as at 1 April 2019 as a lessor.

The Group applied HKFRS 16 for the leases entered into during the year as lessor. There is no material impact in the application of HKFRS 16 as a lessor on the Group's consolidated statement of financial position as at 31 March 2020 and its consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 March 2020.

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]
Amendment to HKFRS 16	Covid-19 Related Rent Concessions[5]
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
5 Effective for annual periods beginning on or after 1 June 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 HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs and the revised Conceptual Framework mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;

- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and

- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

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

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

3. REVENUE

Disaggregation of revenue from contracts with customer

	2020	2019
	HK$'000	*HK$'000*
Revenue from sales of goods:		
Jewelry products	**29,160**	48,909
Solar energy products	**79,925**	95,799
Revenue from provision of services:		
Technical improvement services for solar energy projects	**1,555**	3,915
Total revenue	**110,640**	148,623
Timing of revenue recognition:		
A point in time	**109,085**	144,708
Over time	**1,555**	3,915
	110,640	148,623

4. SEGMENT INFORMATION

Information regularly reviewed by the chief operating decision maker (the "CODM"), represented by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance focuses on nature of the Group's businesses and operations. The Group's operating and reportable segments are therefore as follows:

(i) Jewelry business (wholesale of jewelry products); and

(ii) Solar energy business (manufacture and sales of solar cooling intelligent technology products using thermal cooling-stored pipes and sales of solar photovoltaic modules and components (which are collectively referred to as solar energy products) and provision of energy efficiency analysis and technology improvement advisory services on solar energy projects (which are collectively referred to as technical improvement services on solar energy projects)).

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment results represent the loss by each segment without allocation of unallocated corporate expenses which include central administration costs, directors' remuneration at the head office and certain equity-settled share-based payments, unallocated corporate income, share of result of an associate and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For year ended 31 March 2020

	Jewelry business *HK$'000*	**Solar energy business** *HK$'000*	**Total** *HK$'000*
Revenue	**29,160**	**81,480**	**110,640**
Segment gain (loss)	**62**	**(29,582)**	**(29,520)**
Unallocated corporate income			**3,233**
Unallocated corporate expenses			**(10,093)**
Finance costs			**(4,881)**
Loss before taxation			**(41,261)**

For year ended 31 March 2019

	Jewelry business *HK$'000*	Solar energy business *HK$'000*	Total *HK$'000*
Revenue	48,909	99,714	148,623
Segment loss	(2,971)	(12,203)	(15,174)
Unallocated corporate income			801
Unallocated corporate expenses			(18,823)
Share of result of an associate			(144)
Finance costs			(1,063)
Loss before taxation			(34,403)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during both years.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

	2020 ***HK$'000***	2019 *HK$'000*
Jewelry business	**1,290**	525
Solar energy business	**86,441**	115,960
Total segment assets	**87,731**	116,485
Bank balances and cash	**37,319**	65,467
Other unallocated assets	**26,821**	1,610
Consolidated assets	**151,871**	183,562
Jewelry business	**1,255**	558
Solar energy business	**48,618**	47,698
Total segment liabilities	**49,873**	48,256
Loans from a shareholder and a controlling shareholder	**76,883**	106,729
Other unallocated liabilities	**3,469**	694
Consolidated liabilities	**130,225**	155,679

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

- all assets are allocated to reportable segments other than certain property, plant and equipment, certain right-of-use asset, certain other receivables, deposits and prepayments, bank balances and cash and investment properties.

- all liabilities are allocated to reportable segments other than certain other payables and accruals, lease liabilities and loans from a shareholder and a controlling shareholder.

5. OTHER GAINS AND LOSSES, NET

	2020	2019
	HK$'000	*HK$'000*
Gain from change in fair value of investment properties	**79**	—
Written-off of trade receivables *(note)*	**(6,159)**	—
Net exchange (loss) gain	**(496)**	550
	(6,576)	550

Note: During the year ended 31 March 2020, the Group has written off trade receivables in an aggregate amount of HK$6,159,000 because the directors of the Company confirmed that the counterparties are unreachable and there is no realistic prospect of recovery. The Group has sought for legal advice on actions against one of the counterparties under the Group's recovery procedures.

6. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on bank borrowing	**1,436**	—
Interest on lease liabilities	**175**	—
Imputed interest on loans from a controlling shareholder	**4,856**	1,063
	6,467	1,063

7. INCOME TAX

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2020	2019
	HK$'000	*HK$'000*
Current tax — PRC Enterprise Income tax	**—**	177
Deferred tax	**131**	26
Income tax for the year	**131**	203

8. LOSS FOR THE YEAR

	2020	2019
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**4,232**	3,016
Less: amount capitalised in inventories	**(49)**	(85)
	4,183	2,931
Depreciation of right-of-use assets	**2,224**	—
Release of prepaid lease payment	**—**	81
Auditor's remuneration	**864**	600
Operating lease payments in respect of rented properties	**—**	2,340
Staff costs (including directors' remuneration):		
— salaries, allowances and other benefits	**10,868**	10,000
— retirement benefit scheme contributions	**503**	553
— equity-settled share-based payments	**845**	12,694
Total staff costs	**12,216**	23,247
Cost of inventories recognised as an expense	**106,799**	137,863
Interest income from bank deposits (included in other income)	**(883)**	(793)
Research and development expense (included in other expenses)	**2,834**	—
Rental income (included in other income)	**(1,428)**	—

9. LOSS PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
Loss for the purposes of calculating basic and diluted loss per share:		
Loss for the year attributable to owners of the Company	**(33,476)**	(35,605)

	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**339,568**	331,363

The calculation of diluted loss per share for both years does not assume the exercise of share options since it would result in a decrease in loss per share.

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2020, nor has any dividend been proposed since the end of the reporting period (2019: nil).

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables

	2020	2019
	HK$'000	*HK$'000*
Trade receivables from goods and services	**15,524**	24,729

As at 1 April 2018, trade receivables from contracts with customers amounted to HK$2,229,000.

The Group allows an average credit period ranging from 30 to 180 days to its customers of jewelry business and average credit period ranging from 5 to 240 days to its customers of solar energy business. The following is an ageing analysis of trade receivables, net of impairment losses presented based on invoice date at the end of the reporting period:

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**8,022**	6,961
31 to 90 days	**342**	17,449
91 to 180 days	**—**	319
Over 180 days	**7,160**	—
	15,524	24,729

As at 31 March 2020, no trade receivables of the Group are past due.

Other receivables, deposits and prepayments

	2020	2019
	HK$'000	*HK$'000*
Other receivables	**10,727**	9,298
Deposits	**516**	407
Prepayments	**4,003**	1,353
	15,246	11,058

12. TRADE AND OTHER PAYABLES AND ACCRUALS

Trade payables

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**14,760**	8,311

The average credit period on purchase of goods is 180 days.

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**2,451**	7,784
31 to 90 days	**383**	5
91 to 180 days	**6,348**	522
Over 180 days	**5,578**	—
	14,760	8,311

Other payables and accruals

	2020	2019
	HK$'000	*HK$'000*
Other payables	**3,505**	4,329
Consideration payable	**—**	33,641
Accruals	**4,227**	1,346
	7,732	39,316

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2020 (the "Current Year"), the Group was principally engaged in the solar energy business and the jewelry business.

Solar Energy Business

During the Current Year, the Group continued to focus on developing and expanding the solar energy business in the People's Republic of China ("PRC") and other regions with its proprietary technology products. The revenue of this segment was mainly derived from the sales of the solar cooling intelligent technology products using solar thermal cooling-stored pipes and the customised solar modules intelligent technology products, including solar photovoltaic modules and new energy smart DC inverter products etc., and the provision of energy efficiency analysis and technical improvement advisory services on solar energy projects.

The revenue recorded for solar energy business decreased by approximately 18.3% from approximately HK$99.7 million for the year ended 31 March 2019 (the "Previous Year") to approximately HK$81.5 million for the Current Year. Revenue attributable to the PRC market accounted for 5.8% (2019: 91%) of the overall segment sales, while other regions, including Hong Kong, accounted for 94.2% (2019: 9%).

In the past few years, the Group had successfully established connections with a number of practitioners and potential partners in the industry of solar photovoltaics energy product, including an innovative Swedish clean technology enterprise, and obtained many patent use rights which can be applicable in different applications and which helped to enrich our product types over the past few years. Products with the support of these patented technologies would not only guarantee innovativeness but also enable the Group to explore and enter into new markets outside the PRC.

During the Current Year, the Group had utilized the rights of patented technologies to not only develop its own solar energy intelligent technology products, but also to produce customised solar modules intelligent technology products and new energy smart DC inverter products which could be applied in solar power stations by low-cost OEM. Compared to traditional string inverters, our micro-inverters had the advantages of higher efficiency, safer, simpler design and installation, and easier monitoring. Our products are, among the newest generation of products, aligned with the latest development trend of the industry. On the other hand, the Group had carried out research and development projects and had conducted production and sales of micro-inverter, power optimization device and rapid switchgear, which helped expand our business scale of solar photovoltaic modules progressively. The varieties of products as well as the business portfolio of the Group were thus further enhanced.

Although the Group had proactively increased its strategic investments in the solar energy business in the PRC during the past year, aiming to seize the growth in the solar energy industries in the PRC, selling prices of the market's products were lowered in face of an increasing market competition. On one hand, the PRC's photovoltaic power subsidy policy was introduced later than expected, resulting in a year-on-year decrease in the domestic photovoltaic installation in the PRC. On the other hand, the growth rate of other international markets was higher than expected. Therefore, the revenue structure has been shifted from the PRC to Hong Kong and the overseas markets in the Current Year.

In light of satisfying diversified international market demands for solar photovoltaics energy products, the Group had liaised and cooperated with an advanced solar energy solution provider and several OEM in the Current Year. With offices in Taizhou City and Nanjing City, the provider and OEM had offered a convenient and spacious room for the Group's supply chain to expand its market shares for solar intelligent technology products in emerging economies such as Indonesia, which fully integrated the advantages and resources with potential business partners to create greater commercial values. Revenue of the solar energy segment increased by approximately 284.6% in the first half of the Current Year comparing with the corresponding period in the Previous Year, thanks to the Group's concerted efforts in diversifying products and expanding distribution channels. However, the continuingly escalated trade conflicts between the PRC and the United States of America (the "U.S.") has greatly complicated international business environment. Amid the global trade tensions, the outbreak of the COVID-19 ("Novel Coronavirus Pneumonia") pandemic has led to a weaker-than-expected market condition globally, resulting in a decline in sales orders of our solar intelligent technology products from the PRC and the U.S.

The Group believes that the launch of new hardware and software through the R&D and testing centre will enable us to maintain our long-term advantage in the midst of economic instability and a more diversified market demand in the future. During the Current Year, our research and development team has designed an intelligent energy management platform for the real-time full control and automatic operation, as well as a big data platform for the maintenance of solar photovoltaic power stations. This patented software system, which is fully prepared to be launched, can greatly improve the power generation efficiency and reduce the operation and maintenance costs. The R&D team has also developed energy storage products and systems to support the growing demand for user-side energy storage used in distributed power stations from customers. At the same time, the R&D and testing centre in Jiangsu Province had released part of the unused production capacities planned to be used by the Yuyao Factory for R&D and testing purposes. Such part can therefore be leased to third parties and can thus generate stable rental income for the Group and optimize its asset value.

The Group also provides services such as energy efficiency analysis, technical improvement consultation and quality testing for external customers. With the spread of the COVID-19 pandemic across the world, governments of various countries have taken lock-down measures. As a result, constructions of solar photovoltaic project sites in different regions had either been delayed or suspended. Many existing customers and potential customers are facing with a potential adjustment of construction time for ground-mounted power plants. Given the postponement of the installation and construction stages of distributed projects, it had resulted in a significant decrease in demand for high-margin consulting services during the Current Year, which had subsequently led to a decrease in the overall gross profit for the Group as well.

Our sales and marketing teams had actively participated in both local and international trade fairs and exhibitions during the Current Year, promoting the Group's profile and increasing its brand exposures in places such as Shanghai, Germany, Brazil and the Philippines. For instance, we had been engaging in the International Photovoltaic Power Generation and Smart Energy Exhibition & Conference held in Shanghai and the Intersolar Europe held in Munich, Germany.

Besides, during the Current Year, the Group's wholly-owned subsidiary Ningbo Shenggu Energy Reservation Technology Co., Ltd. (寧波升谷節能科技有限公司) ("NSERT") had entered into a lease agreement (the "Lease Agreement") with Magna Seating (Taizhou) Co., Ltd* (麥格納座椅（台州）有限公司) (the "Lessee"), pursuant to which the Lessee shall rent from NSERT the factory No. 2 and the second floor of the staff dormitory (including the staircase in the west side and security room on the first floor) of the factory located in No. 61, Haichao Road, Sino-Italy Ningbo Ecological Park, Yuyao, Zhejiang Province, the PRC (the "Yuyao Factory"), a total floor area of approximately 7,962.87 square meters, for a lease period of fifty-two months, commencing from 1 June 2019 to 30 September 2023. The monthly rent (tax included) for the first to 16th month was amounted to RMB127,405.92 (tax included). The monthly rent (tax included) for the 17th to 52th month was amounted to RMB143,331.66 (tax included). Please refer to the announcement of the Company dated 31 May 2019 for details. The receipt of the rental income would enhance the working capital of the Group which we believe is in the best interest of the Company and the shareholders as a whole.

Jewelry Business

During the Current Year, the Group continued to engage in providing products to jewelry distributors and retail customers. However, due to a decline of sales volume in both Hong Kong and the PRC, the revenue generated from the jewelry business decreased by approximately 40.3% from approximately HK$48.9 million for the Previous year to approximately HK$29.2 million for the Current Year. The sales in Hong Kong accounted for approximately 46.7% (2019: 41%) of the overall segment sales while that of the PRC accounted for approximately 53.3% (2019: 59%).

Nevertheless, the ongoing Sino-US trade tensions and the socio-political incidents in Hong Kong since June 2019 had resulted in a reduced tourist traffic, weakened local consumption and a periodic disruption of shop operations, severely affecting the businesses of our customers. In January 2020, the nationwide spread of the COVID-19 pandemic has led to the suspension of social and economic activities in most cities across the PRC and Hong Kong. The expected strong pre-Chinese New Year sales were also faded by the outbreak, while industries such as wholesale and retailing, logistics and transportation, and tourism suffered the largest losses. A downward trend on the sales of our jewelry business was resulted. We will continue to enhance the quality of our customer services and explore new business opportunities through participating in future jewelry trade fairs and exhibitions. On the other hand, we have implemented concrete cost control measures by freezing headcounts and reprioritising marketing spending.

Despite the aforementioned setbacks, in an objective to maintain new business initiatives and to seek new customers, we had been participating in jewelry exhibitions held in Hong Kong and Shenzhen, such as the Hong Kong Jewellery & Gem Fair held in June and September 2019. A number of major international jewelry trade shows were however cancelled or postponed due to the pandemic. The outbreak in the PRC and Hong Kong had also resulted in the limitations and restrictions of business travels of our salespersons, general staff and senior managers in moving across the border between Hong Kong and the PRC, within the PRC, or in between a number of overseas countries. Furthermore, due to the extensive travelling restrictions, overseas jewelry buyers had to cancel their trips to Hong Kong and the PRC, which had therefore led to a significantly reduction of opportunities for the Group to reach out to potential customers and to gain new businesses. Moreover, the prolonged local social unrest in Hong Kong since last year had greatly dampened our consumers' sentiment and had led to a lower demand for jewelry products.

Despite so, thanks to our long-established relationship with the suppliers, our products supply remained stable while the procurement costs could be maintained at a steady rate, reducing the effects on the profit margin. Furthermore, the Group has been making plans to expand its jewelry business to the e-commerce sector and to negotiate with any potential e-commerce operations solution providers, so as to widen our sales channel.

PROSPECTS

Solar Energy Business

At present, renewable energy accounts for approximately two-third of the global power generation growth, while solar photovoltaic energy is expected to become the largest energy source by 2040. According to the International Energy Agency (IEA) Report, it is expected that the global installed capacity of solar photovoltaic power generation will increase by nearly 600GW within the next five years before 2023, and the total installed capacity is expected to gradually surpass wind power, hydropower and coal-fired power. In addition, with the rise of emerging photovoltaic markets in Southeast Asia, the global market will become more decentralized and will therefore drive a significant increase in the export volume from the Chinese solar photovoltaic manufacturing enterprises.

Although our overseas solar photovoltaic business, especially in the emerging markets, has been adversely affected by the epidemic, the Group is adjusting its marketing strategies in a timely manner to promote business growth. First of all, we plan to expand both our domestic and overseas customer base and to bolster our market shares by increasing our participations in major global solar exhibitions and industry forums, as to allow potential overseas customers to better understand our intelligent and efficient products. Secondly, we plan to invest further in R&D, to reserve more production technologies and to work closely with strategic partners in developing new products that cater to the latest market demands for advanced technology services and solutions. This includes the introduction of a user-side energy storage product used in solar distributed power stations that we are soon launching in the market. We are actively considering looking for a lower-rent plant in Taizhou City that is capable of allowing us to transfer part of our production and combine it with R&D, thereby further reducing operating costs and building a more efficient supply chain network with solar energy solution providers and OEM. Given the extensive experience and network of our partners, the Group will strive to develop, provide and produce more diversified products and solutions. With the increasing numbers of patented intelligent technology products, the Group aims to open more business channels both locally and globally so as to increase its market share.

While continuing to negotiate with customers in the U.S., Australia, Europe, Africa, India, the Middle East and Southeast Asia, the Group will also search for strategic partners to jointly develop, produce and provide new products and solutions including customised solar modules intelligent technology products, new energy smart DC inverter products applicable on solar power stations and other intelligent technology products. In the second quarter of 2020, when the epidemics in the PRC, Hong Kong and various emerging markets in Southeast Asia are under a considerable degree of control, we have begun the supplying of products to India in the requests of our customer. We have also received sales intent orders from other customers as well. Moreover, the Group will be allocating more resources in improving the qualities of our products by ways of performing solar energy efficiency and effectiveness analysis as well as quality control testing on solar energy intelligent technology products.

Jewelry Business

While the Sino-US trade war persists, alongside with the economic instability in Hong Kong as a result of the COVID-19 pandemic and the ongoing social conflicts, it is believed the growth of the Group's businesses in the Hong Kong market will be halted in the near term. The jewelry business will continue to be adversely impacted if the situation deteriorates. Despite the aforementioned factors of both the unfavourable business environment as well as an increasing market competition, the Group endeavors to address the negative impacts by keeping a close watch on business operations, controlling costs and reducing unnecessary expenses.

In addition, the Group will step up its efforts in exploring new markets or brands in other regions, developing a variety of products with diverse styles and specifications, adding product choices, offering more options for customer orders to cater to the latest market preferences and expanding into other sales channels, such as online distributors and third-party distributors. Apart from maintaining our solid customer base in Hong Kong, we will continue to search for suitable partnership to diversify our product portfolio.

The Group will continuously monitor and review our business operations for the purpose of formulating business plans and strategies for our future business development. Should any suitable investment or business opportunities arise, we may consider diversifying our business with an objective to broaden our income source.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Current Year was approximately HK$110.6 million, representing a decrease of approximately 25.6% as compared to approximately HK$148.6 million for the Previous Year. The decrease was mainly the result of the decrease in sales volume of both jewelry business and solar energy business.

Revenue of the solar energy business decreased by approximately 18.3% from approximately HK$99.7 million for the Previous Year to approximately HK$81.5 million for the Current Year. It was primarily attributable to the decline in sales orders of our solar intelligent technology products in the PRC and the U.S. due to the COVID-19 outbreak as well as the continuing escalated trade conflicts between the PRC and the U.S..

Revenue of the jewelry business decreased by approximately 40.4% from approximately HK$48.9 million for the Previous Year to approximately HK$29.2 million for the Current Year due to the weak consumption sentiment of customers and fewer meeting opportunities with potential buyers caused by the outbreak of COVID-19 as well as the social unrest in Hong Kong during the Current Year. The prolonged Sino-US trade tension has also continually affected the market of our jewelry products since last year.

Cost of Sales and Gross profit

Cost of sales of the Group for the Current Year was approximately HK$106.8 million, representing a decrease of 22.5%, as compared to approximately HK$137.9 million for the Previous Year. Gross profit decreased from approximately HK$10.8 million for the Previous Year to approximately HK$3.8 million for the Current Year, representing a decrease of approximately 64.3%. The decrease was mainly attributable to the decrease in the gross profit derived from the solar energy business segment from approximately HK$8.6 million for the Previous Year to approximately HK$2.6 million for the Current Year.

Meanwhile, gross profit margin decreased from 7.2% for the Previous Year to 3.5% for the Current Year. The decrease was primarily attributable to the decrease in the customer's order of the provision of energy efficiency analysis and technical improvement advisory services on solar energy projects, which was in high gross profit margins, because our downstream customers has delayed or suspended their works at the solar photovoltaic project sites after the government of various countries has imposed the control orders since the outbreak of COVID-19 and certain obsolete and worn out inventories had been written down during the Current Year.

Other income

Other income increased from approximately HK$0.8 million for the Previous Year to approximately HK$3.2 million for the Current Year, representing an increase of approximately 303.6%, which was mainly attributable to rental income arising from the Lease Agreement.

Other gains and losses, net

The Group recorded net other losses of approximately HK$6.6 million for the Current Year (2019: net other gains of approximately HK$0.6 million). The change was mainly attributable to the net foreign exchange losses of approximately HK$0.5 million recorded for the Current Year (2019: net foreign exchange gains of approximately HK$0.6 million), a gain from change in fair value of investment properties of approximately HK$0.1 million was recorded for the Current Year (2019: Nil) and write-offs on trade receivables amounted to approximately HK$6.2 million for the Current Year (2019: Nil) as those receivables were not expected to be recoverable. The management of the Group has sought legal advice and would take legal actions to recover the receivables where appropriate. The Group will continue to conduct regular review of the debtors' repayment histories, resources and financial capabilities to ensure the ability of repayment within the credit period.

Selling and distribution costs

Selling and distribution costs increased from approximately HK$2.8 million for the Previous Year to approximately HK$6.2 million for the Current Year, representing an increase of approximately 121.6%, which was primarily attributable to the increase in exhibition and marketing activities and recruiting additional sales and marketing staff after the expansion of our distribution and market networks during the Current Year.

Administrative expenses

Administrative expenses decreased slightly from approximately HK$25.9 million for the Previous Year to approximately HK$25.1 million for the Current Year, representing a decrease of approximately 3.1%, which was mainly attributable to the combined effect of implementation of tightened cost control and increased depreciation charges derived from right-of-use assets recorded in the Current Year.

Other expenses

Other expenses amounted to approximately HK$3.2 million (2019: Nil) mainly represented the expenditure on research and development of solar intelligent technology products in development stage and the pre-operating expenses incurred in a newly set up subsidiary in Changzhou city of Jiangsu province during the Current Year.

Equity-settled share-based payments

Equity-settled share-based payment decreased by approximately 94.9% from approximately HK$16.6 million for the Previous Year to approximately HK$0.8 million for the Current Year mainly due to the decrease in the amortized cost of share-based payment expenses in the Current Year in connection with the grant of share options.

Finance costs

Finance cost represented the imputed interest derived from the long term loans from a controlling shareholder amounted to approximately HK$4.9 million (2019: HK$1.1 million), the interest derived from lease liabilities amounted to approximately HK$0.2 million (2019: Nil) and the interest derived from the long term bank loan amounted to approximately HK$1.4 million for the Current Year (2019: Nil).

Share of result of an associate

Share of result of an associate in the Previous Year amounted to approximately HK$0.1 million represented the share of loss of a former associate. The Group did not have any associate in the Current Year.

Income tax expense

Income tax expense of the Group recorded for the Current Year amounting to approximately HK$0.1 million (2019: HK$0.2 million) mainly attributable to the provision of deferred tax expense arising from the Yuyao Factory during the Current Year.

Loss for the year attributable to the Owners of the Company

By reason of the factors as stated above and the loss shared by the non-controlling interests increased, the loss for the year attributable to the owners of the Company decreased from approximately HK$35.6 million for the Previous Year to approximately HK$33.5 million for the Current Year, representing a decrease of approximately 6.0%. Basic loss per share was 9.86 HK cents (2019: 10.75 HK cents).

Liquidity and Financial Resources

As at 31 March 2020, the Group had net current assets and current ratio stood at approximately HK$44.1 million and 2.4 respectively (31 March 2019: HK$58.5 million and 2.2 respectively). As at 31 March 2020, the bank balances and cash amounted to approximately HK$37.3 million (31 March 2019: HK$65.5 million). As at 31 March 2020, the inventories amounted to approximately HK$6.8 million (31 March 2019: HK$2.3 million), mainly representing the finished goods of solar thermal cooling-stored pipes and solar modules intelligent technology products. As at 31 March 2020, the net trade receivable and trade payable amounted to approximately HK$15.5 million and HK$14.8 million respectively (31 March 2019: HK$24.7 million and HK$8.3 million respectively), both of which were mainly derived from the solar energy business.

As at 31 March 2020, the Group had an interest-bearing bank borrowing amounted to approximately HK$25.9 million (31 March 2019: Nil) and bore an effective interest rates of 3.90% per annum, of which HK$2.1 million will be repayable within one year and HK$23.8 million will be repayable after one year. The bank borrowing was secured by the Group's assets, for details of the charges on Group's assets, please refer to the section headed "Charges On Group Assets" in this announcement. Save as disclosed above, the Group has no other banking facilities (31 March 2019: Nil). As at 31 March 2020, the Group had interest-free loans due to a controlling shareholder of approximately HK$72.1 million (31 March 2019: HK$106.7 million) which will be repayable after one year and had interest-free loans due to a shareholder amounted to approximately HK$4.8 million (31 March 2019: Nil) which will be repayable within one year.

During the Current Year, 480,000 shares of the Company at par value of HK$0.01 each ("Share(s)"), 5,900,000 Shares and 27,730,000 Shares had been issued and allotted by the Company as a result of the exercise of share options at an exercise price of HK$0.94, HK$1.148 and HK$0.636 respectively. The aggregated gross proceeds of approximately HK$24.9 million were fully utilized as at 31 March 2020 as general working capital for the Group, including staff salary, inventory purchase and other operating expenditure, and repayment of shareholder loan.

The Group principally meets its working capital requirement and other liquidity requirements through a combination of operating cash flows, interest-free loans due from a shareholder and a controlling shareholder and proceeds from the issue of new Shares in the Current Year.

Capital Structure

The Group's total assets and total liabilities as at 31 March 2020 amounted to approximately HK$151.9 million (31 March 2019: HK$183.6 million) and approximately HK$130.2 million (31 March 2019: HK$155.7 million) respectively. The Group's debt ratio (which was expressed as a percentage of total liabilities over total assets) was approximately 85.7% as at 31 March 2020 (31 March 2019: 84.8%).

Charges on Group Assets

As at 31 March 2020, the buildings with carrying amounts of approximately HK$32.9 million (31 March 2019: HK$52.1 million), the right-of-use assets with carrying amounts of approximately HK$8.5 million (31 March 2019: HK$11.1 million under prepaid lease payment) and the investment properties with carrying amounts of approximately HK$22.2 million (31 March 2019: Nil), were pledged to a bank in the PRC as collateral security for a bank borrowing amounted to approximately HK$25.9 million.

Use of Proceeds from the Subscriptions

On 1 July 2015, the Group entered into the subscription agreements (the "Subscriptions") with seven independent investors, including a Swedish company, to allot and issue an aggregate of 42,000,000 new Shares of the Company to those seven independent investors at the subscription price of HK$2.10 per Share. As at 2 November 2015, the Group had completed the Subscriptions for a total of 36,000,000 Shares, which generated total gross proceeds of approximately HK$75.6 million and net proceeds (which represent the total gross proceeds less relevant expenses, the "Net Proceeds") of approximately HK$74.7 million after deducting related expenses payable by the Company. For details regarding the Subscriptions, please refer to the Company's announcement dated 5 July 2015 and the circular dated 13 August 2015.

As disclosed in the announcements dated 12 September 2016, due to the delay in the occupation of the Yuyao Factory, the use of proceeds has been changed and part of the proceeds intended to be used for the development of solar energy business in the amount of approximately HK$10 million has been allocated towards the general working capital of the Group.

In the circumstances, the details of the original allocation of the Net Proceeds, the revised allocation of the Net Proceeds, and the utilization of the Net Proceeds as at 31 March 2020 are as below:

Proposed use of Net Proceeds	**Original planned use of the Net Proceeds** *(Approximately) HK$'million*	**Revised planned use of the Net Proceeds** *(Approximately) HK$'million*	**Actual use of the Net Proceeds up to 31 March 2020** *(Approximately) HK$'million*	**Unutilized balance as at 31 March 2020** *(Approximately) HK$'million*
Repayment of shareholder's loan	7.6	7.6	7.6	—
Development of solar energy business	50.0	40.0	40.0 *(Note 1)*	—
General working capital	17.1	27.1	27.1 *(Note 2)*	—
	74.7	74.7	74.7	—

Note 1: As at 31 March 2020, approximately HK$40.0 million was used for the development of solar energy business, including approximately HK$21.0 million for acquiring the Yuyao Factory and respective land piece, approximately HK$1.3 million for acquiring other fixed assets including machineries, equipment and tools, approximately HK$5.3 million for staff training costs, technical knowledge transfer and supporting service fees, approximately HK$1.8 million for research and development activities and approximately HK$10.6 million for working capital of solar energy business including staff cost of HK$4.5 million. The proceeds were used as intended.

Note 2: As at 31 March 2020, approximately HK$27.1 million was used as the general working capital of the existing businesses of the Group, including staff costs, office rent, legal and professional expenses and other recurring operating expenses. The proceeds were used as intended.

Capital Commitments and Contingent Liabilities

As at 31 March 2020, the Group did not have any capital commitments (31 March 2019: Nil).

As at 31 March 2020, the Group did not have any significant contingent liabilities (31 March 2019: Nil).

Employee and Remuneration Policy

As at 31 March 2020, the Group had a total of 67 employees (2019: 74). The Group remunerates its employees based on their performance and work experience and the prevailing market rates. Salaries of employees are maintained at competitive levels while bonuses are granted by reference to the performance of the Group and individual employees.

The Group also provides internal training to employees when necessary and other staff benefits include share option scheme and corporate contribution to statutory mandatory provident fund scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in the PRC.

Foreign Exchange Fluctuation and Hedges

The business operations of the Group's subsidiaries were conducted mainly in the PRC and Hong Kong with sales and purchases of the Group's subsidiaries denominated mainly in Hong Kong dollars, Renminbi and United Stated dollars ("USD"). The Group's cash and bank deposits were denominated in Hong Kong dollars, Renminbi and USD as well. Any significant exchange rate fluctuation of Hong Kong dollars against USD or Renminbi may have financial impacts on the Group. While the Group would closely monitor the volatility of the foreign exchange rate, the Directors considered that the Group's risk exposure to foreign exchange rate fluctuation remained minimal currently.

As at 31 March 2020, no forward foreign currency contracts are designated in hedging accounting relationships (2019: Nil).

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

There were no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Current Year.

Future Plans for Material Investments or Capital Assets

The Group did not have any plans for material investments and capital assets as at 31 March 2020.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2020 (2019: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company is to be held on Thursday, 3 September 2020 (the "2020 AGM") and the notice of the 2020 AGM will be published and dispatched to the shareholders of the Company within the prescribed time and in such manner as required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 31 August 2020 to Thursday, 3 September 2020 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the 2020 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 28 August 2020.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Upon specific enquiry by the Company and based on the confirmation from the Directors, the change in the information of the Directors required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules since the Company's last published audit report are set out below:

Mr. Chan Wing Yuen, Hubert, an executive Director, retired as an independent non-executive director of Shanghai La Chapelle Fashion Co., Ltd, which shares are listed on the Stock Exchange (stock code: 6116) and The Shanghai Stock Exchange (stock code: 603157), with effect from 8 May 2020.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize effective internal control, accountability and transparency of the Board and are adopted in the best interest of the Company and its shareholders.

Accordingly, the Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules. The Company has applied the principles and complied with all the applicable code provisions set out in the CG Code throughout the year ended 31 March 2020 except for the deviation from code provision A.6.7 and E.1.2 as explained below.

Code provision A.6.7

Under code provision A.6.7, independent non-executive Directors and non-executive Director should attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Ms. Sun, Ivy Connie, an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 5 September 2019 (the "2019 AGM") due to sickness. Mr. Li Wei Qi, Jacky, a non-executive director, and Mr. Jin Qingjun, an independent non-executive Director, were unable to attend the 2019 AGM due to other work commitments.

Code Provisions E.1.2

Under code provision E.1.2, the chairman of the board should attend the annual general meeting. Due to other urgent business commitment which, Mr. Wu Hao, chairman of the Board, must attend, Mr. Wu was not present at the 2019 AGM. The meeting was chaired by Mr. Chan Wing Yuen, Hubert, an executive Director and the chief executive officer of the Company, to ensure effective communication with the shareholders thereat.

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 set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, they confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 March 2020.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the code provisions under the Code set out in Appendix 14 to the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Mr. Wu Chi Keung, Mr. Jin Qingjun and Ms. Sun, Ivy Connie. The Group's consolidated financial statements and the annual results for the year ended 31 March 2020 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2020 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares during the year ended 31 March 2020.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A separate environmental, social and governance report is expected to be published on the Stock Exchange's website and the Company's website no later than three months after the annual report has been published.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed percentage of public float under the Listing Rules.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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 the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.475hk.com). The annual report of the Company for the year ended 31 March 2020 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and posted on the above websites in due course.

APPRECIATION

Our Board would like to take this opportunity to express its gratitude to our shareholders, our business associates and all our employees for their continuous support.

By order of the Board
CENTRAL DEVELOPMENT HOLDINGS LIMITED
Chan Wing Yuen, Hubert
Chief Executive & Executive Director

Hong Kong, 24 June 2020

As at the date of this announcement, the Board consists of three executive Directors, namely Mr. Wu Hao, Mr. Hu Yangjun and Mr. Chan Wing Yuen, Hubert; a non-executive Director, namely Mr. Li Wei Qi, Jacky; and three independent non-executive Directors, namely Mr. Wu Chi Keung, Mr. Jin Qingjun and Ms. Sun, Ivy Connie.

* *for identification purpose only*