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## **Zhaobangji Properties Holdings Limited**

**兆邦基地產控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1660)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

#### **INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Zhaobangji Properties Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2021 (the “**Period**”) together with its comparative figures for the corresponding period in 2020 (the “**Previous Period**”) as follows:

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

*For the period ended 30 September 2021*

	<i>Note</i>	<b>Unaudited</b>	
		<b>Six months ended 30 September</b>	
		<b>2021</b>	<b>2020</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	3	<b>137,372</b>	118,151
Cost of sales and services		<b>(78,796)</b>	(57,834)
Gross profit		<b>58,576</b>	60,317
Other gains and losses		<b>4,242</b>	3,370
Selling expenses		<b>(1,505)</b>	(1,663)
Administrative expenses		<b>(14,993)</b>	(17,323)
Profit from operations		<b>46,320</b>	44,701
Finance income		<b>1,851</b>	416
Finance costs		<b>(572)</b>	(1,058)
Finance income/(costs), net		<b>1,279</b>	(642)
Fair value changes on Financial assets at fair value through profit or loss (“ <b>Financial assets at FVPL</b> ”)	10	<b>2,096</b>	(5,787)
Disposal in subsidiary		<b>257</b>	20,177
<b>Profit before tax</b>		<b>49,952</b>	58,449
Income tax expense	4	<b>(11,580)</b>	(10,182)
<b>Profit for the period</b>	5	<b>38,372</b>	48,267
<b>Profit attributable to equity holders of the Company</b>		<b>38,372</b>	48,267
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>2,268</b>	–
<b>Total comprehensive income for the period, net of tax</b>		<b>40,640</b>	48,267
Total comprehensive income for the year attributable to:			
Owners of the Company		<b>40,640</b>	48,284
Non-controlling interests		<b>0.4</b>	(17)
<b>Earnings per share for profit attributable to equity holders of the Company:</b>		<b>HK cents</b>	<b>HK cents</b>
Basic and diluted	7	<b>0.62</b>	0.78

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*As at 30 September 2021*

		<b>Unaudited</b>	Audited
		<b>30 September</b>	31 March
		<b>2021</b>	2021
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>225,266</b>	241,339
Right-of-use assets		<b>28,035</b>	30,503
Goodwill		<b>61</b>	61
Financial assets at fair value through other comprehensive income		<b>2,337</b>	2,298
Finance lease receivables		<b>348</b>	377
Subleasing receivables		–	1,537
Deposits, prepayments and other receivables	8	<b>27,486</b>	32,199
Deferred tax assets		–	591
		<hr/>	<hr/>
		<b>283,533</b>	308,905
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Current assets</b>			
Finance lease receivables		<b>1,020</b>	2,859
Subleasing receivables		<b>3,354</b>	2,577
Inventories		<b>8,759</b>	9,331
Trade receivables	8	<b>68,754</b>	65,481
Deposits, prepayments and other receivables	8	<b>58,318</b>	18,230
Amount due from related companies		<b>7,286</b>	–
Current tax assets		–	221
Financial assets at FVPL	10	<b>60,765</b>	28,712
Bank and cash balances		<b>111,812</b>	133,814
		<hr/>	<hr/>
		<b>320,068</b>	261,225
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Total assets</b>		<b>603,601</b>	570,130
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		<b>Unaudited</b>	Audited
		<b>30 September</b>	31 March
		<b>2021</b>	2021
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the owners of the Company</b>			
Share capital		12,390	12,390
Reserves		470,226	429,588
		<u>482,616</u>	441,978
<b>Non-controlling interest</b>		<b>(54)</b>	<b>(52)</b>
		<u>482,562</u>	<u>441,926</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		2,755	7,491
Deferred tax liabilities		30,659	30,659
		<u>33,414</u>	38,150
<b>Current liabilities</b>			
Contract liabilities		3,355	1,309
Borrowings		14,048	13,144
Lease liabilities		11,187	14,776
Trade and bills payables	9	15,192	26,913
Accruals and other payables	9	35,777	27,495
Amounts due to related companies		1,152	1,152
Current tax liabilities		6,914	5,265
		<u>87,625</u>	90,054
<b>Total liabilities</b>		<b>121,039</b>	128,204
<b>Total equity and liabilities</b>		<b>603,601</b>	570,130

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 September 2021 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim financial reporting”. The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this announcement is to be read in conjunction with the consolidated financial statements for the year ended 31 March 2021 and any public announcements made by the Group during the interim reporting period.

## 2 ACCOUNTING POLICIES

### Changes in accounting policy and disclosures

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Amendment to HKFRS 16, COVID-19 related rent concessions beyond 30th June 2021
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – Phase 2

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

#### *Amendment to HKFRS 16, COVID-19 related rent concessions beyond 30th June 2021 (2021 amendment)*

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30th June 2021 to 30th June 2022. The Group has early adopted the 2021 amendment in this financial period. There is no impact on the opening balance of equity at 1st April 2021.

#### *Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – Phase 2*

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“**IBOR reform**”). The amendments do not have an impact on this interim financial report as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Other than the Amendment to HKFRS 16, none of these have had a material impact on the accounting policies of the Group.

### 3 REVENUE AND SEGMENT INFORMATION

Revenue represents gross receipts on leasing of machinery and the provision of related services, sales of machinery and spare parts and the provision of related services, the provision of transportation services, the provision of property management services and property leasing and subletting in the ordinary course of business. Revenue recognised for the periods are as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Leasing of machinery and provision of related services	<b>72,003</b>	57,771
Sales of machinery and spare parts and provision of related services	<b>18,776</b>	11,985
Transportation services	<b>1,634</b>	7,390
Property management services	<b>41,917</b>	29,494
Property leasing and subletting	<b>3,042</b>	11,511
	<u><b>137,372</b></u>	<u>118,151</u>

The chief operating decision-maker has been identified as the executive directors of the Company. Information is reported to the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments are as follows:

1. Leasing – Leasing of machinery and provision of related services
2. Trading – Sales of machinery and spare parts and provision of related services
3. Transportation – Provision of transportation services
4. Property management – Provision of property management services
5. Property leasing and subletting – Provision of property leasing and subletting

## Segment revenue and results

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

### *For the six months ended 30 September 2021*

	Unaudited					Total HK\$'000
	Trading HK\$'000	Leasing HK\$'000	Transportation HK\$'000	Property Management HK\$'000	Property leasing and subletting HK\$'000	
Revenue						
Segment revenue from external customers						
Timing of revenue recognition						
– At a point in time	18,776	–	1,634	–	–	20,410
– Over time	–	72,003	–	41,917	3,042	116,962
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Results						
Segment profit	<u>43</u>	<u>24,967</u>	<u>1,551</u>	<u>25,975</u>	<u>2,978</u>	55,514
Unallocated corporate income						4,733
Unallocated corporate expenses						<u>(10,295)</u>
Profit before tax						<u>49,952</u>

### *For the six months ended 30 September 2020*

	Unaudited					Total HK\$'000
	Trading HK\$'000	Leasing HK\$'000	Transportation HK\$'000	Property Management HK\$'000	Property leasing and subletting HK\$'000	
Revenue						
Segment revenue from external customers						
Timing of revenue recognition						
– At a point in time	11,985	–	7,390	–	–	19,375
– Over time	–	57,771	–	29,494	11,511	98,776
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Results						
Segment profit	<u>1,516</u>	<u>22,117</u>	<u>1,898</u>	<u>19,157</u>	<u>9,580</u>	54,268
Unallocated corporate income						16,131
Unallocated corporate expenses						<u>(11,950)</u>
Profit before tax						<u>58,449</u>

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs, exchange differences, finance income and finance cost. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

No segment assets and liabilities are presented as the information is not regularly reported to the chief operating decision maker for the purpose of resource allocation and assessment of performance.

### Other segment information

#### *For the six months ended 30 September 2021*

	Unaudited					
	Trading	Leasing	Transportation	Property leasing and subletting	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment results:						
Depreciation	-	(25,452)	(145)	-	-	(25,597)
Gain/(loss) on disposal of property, plant and equipment	-	1,597	2,121	-	-	3,718
	<u>-</u>	<u>1,597</u>	<u>2,121</u>	<u>-</u>	<u>-</u>	<u>3,718</u>

#### *For the six months ended 30 September 2020*

	Unaudited					
	Trading	Leasing	Transportation	Property leasing and subletting	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment results:						
Depreciation	-	(14,778)	(1,095)	(404)	(3,897)	(20,174)
Gain/(loss) on disposal of property, plant and equipment	1,380	(635)	1,430	-	-	2,175
	<u>1,380</u>	<u>(635)</u>	<u>1,430</u>	<u>-</u>	<u>-</u>	<u>2,175</u>



#### 4 INCOME TAX EXPENSES

The amount of income tax charged to profit or loss represents:

	Unaudited	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	2,247	2,425
– Mainland China taxes	8,746	7,757
Deferred income tax	587	–
	<hr/>	<hr/>
Income tax expenses	<b>11,580</b>	10,182
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Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the six months ended 30 September 2021 (six months ended 30 September 2020: 16.5%).

Mainland China Corporate Income Tax (“CIT”) has been provided at the rate of 25% (six months ended 30 September 2020: 25%) on the estimated assessable profits which are subject to CIT.

#### 5 EXPENSES BY NATURE

Expenses included in cost of sales and services, selling and administrative expenses are analysed as follows:

	Unaudited	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Cost of machinery and equipment and spare parts sold	19,592	11,467
Cost of rent and management and office expenses	18,225	12,427
Staff costs, including directors’ emoluments	21,214	18,971
Leasing expense of machinery and equipment	5,143	1,687
Operating lease rental in respect of office and storage premises	3,332	2,887
Auditor’s remuneration	53	–
Legal and professional fee	1,319	1,346
Amortization on intangible assets	–	483
Depreciation		
– owned machinery and equipment	17,469	18,107
– machinery and equipment held under finance leases	1,706	2,068
Others	7,242	7,551
	<hr/>	<hr/>
Total cost of sales and services, selling and administrative expenses	<b>95,295</b>	76,994
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## 6 DIVIDENDS

The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 September 2021.

## 7 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Profit attributable to equity holders of the Company (HK\$'000)	<u>38,372</u>	<u>48,267</u>
Weighted average number of ordinary shares in issue (thousands)	<u>6,195,000</u>	<u>1,239,000</u>
Basic earnings per share (HK cents)	<u>0.62</u>	<u>0.78</u>

### (b) Diluted

Diluted earnings per share is of the same amount as the basic earnings per share as there were no potential dilutive ordinary share outstanding as at 30 September 2021 (30 September 2020: same).

## 8 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Trade receivables	71,580	69,074
Allowance for doubtful debts	<u>(2,826)</u>	<u>(3,593)</u>
	<u>68,754</u>	<u>65,481</u>
Deposits, prepayments and other receivables	85,804	50,429
Less: non-current portion	<u>(27,486)</u>	<u>(32,199)</u>
Current portion	<u>58,318</u>	<u>18,230</u>

The credit period granted to trade customers was generally between 30 to 60 days. The Group does not hold any collateral as security.

As at 30 September 2021, the ageing analysis of the trade receivables based on invoice date was as follows:

	<b>Unaudited 30 September 2021 HK\$'000</b>	Audited 31 March 2021 HK\$'000
0 to 30 days	24,832	26,974
31 to 60 days	5,811	12,061
61 to 90 days	9,621	8,174
More than 90 days	31,316	21,865
	<u>71,580</u>	<u>69,074</u>

## 9 TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	<b>Unaudited 30 September 2021 HK\$'000</b>	Audited 31 March 2021 HK\$'000
Trade and bills payables	15,192	26,913
Accruals and other payables ( <i>Note i</i> )	35,777	27,495
	<u>50,969</u>	<u>54,408</u>

*Note i:* The amounts mainly represent advances from customers, accruals and other payables for wages, legal and professional fees and transportation costs.

The ageing analysis of the trade and bills payables based on invoice date was as follows:

	<b>Unaudited 30 September 2021 HK\$'000</b>	Audited 31 March 2021 HK\$'000
0 to 30 days	5,994	10,857
31 to 60 days	1,155	13,761
61 to 90 days	2,126	1,463
More than 90 days	5,917	832
	<u>15,192</u>	<u>26,913</u>

## 10 FINANCIAL ASSETS AT FVPL

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Equity securities, at fair value listed in Hong Kong ( <i>note (i)</i> )	47,186	15,133
Derivative financial instruments call options ( <i>note (ii)</i> )	13,579	13,579
	<u>60,765</u>	<u>28,712</u>

*Notes:*

### (i) Listed equity securities

At 30 September 2021, there are no significant concentrations of credit risk for those financial assets. At the end of the Period, no investments had exceeded 5% of the Group's total assets.

At 30 September 2021, the listed equity securities are listed in Hong Kong. The fair values of the listed equity securities are determined on the basis of quoted market closing bid prices available on the relevant stock exchanges at the end of each reporting period. The fair value change was due to the acquisition of additional securities during the Period and due to market-to-market unrealised gain of approximately HK\$2,095,620 (from increase in market values) as at 30 September 2021 (2020: loss of HK\$5,787,176), and no realised gain transactions (2020: nil).

These transactions did not constitute notifiable transactions pursuant to Chapter 14 of the Listing Rules.

### (ii) Call options

On 8 March 2019, a call option agreement was entered into between the Group and Mr. Xu Chujia, the Group's controlling shareholder, and another call option agreement was entered into between the Group and Well Link International Investments Holdings Limited, a company wholly owned by Mr. Xu Chujia. Pursuant to the call option agreements, the Group was granted call options to acquire the entire issued share capital of Topfront International Limited ("**Topfront**"), a company which indirectly holds certain land use rights in the PRC.

The Company engaged an independent qualified professional valuer, Valtech Valuation Advisory Limited (2020: APAC Appraisal and Consulting Limited), to determine the fair value of the call options. The valuer adopted the cost approach (2020: asset-based approach) to assess the fair value of the equity interest in Topfront, and the binomial option pricing model to assess the fair value of the call option.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND MARKET PROSPECT

Zhaobangji Properties Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is principally engaged in trading of machinery and spare parts, leasing of machinery and the provision of related services, the provision of transportation services in Hong Kong, and the provision of property management services, leasing of machinery and property leasing and subletting in the People’s Republic of China (the “**PRC**”).

During the six months ended 30 September 2021 (the “**Period**”), the Group’s machinery leasing and property management businesses have recorded growth. However, in view of the COVID-19 pandemic and unstable Sino-US relations affecting the global economic market conditions, the Group maintains a prudent and steady development strategy.

In recent years, electric power generators have gradually become widespread in the construction market. Together with the Hong Kong government’s active promotion of low-carbon opportunities for new construction projects, the Group has introduced prototypes of electric power generators into the production line, and has been actively seeking opportunities to diversify our product base to meet this market trend. In terms of our property management business, we continue to expand our footprint in the Greater Bay Area and in particularly Shenzhen during the Period. The Board will continue to explore potential business opportunities to bring long term value to the shareholders of the Company.

### FINANCIAL REVIEW

#### Revenue

Our total revenue increased by approximately HK\$19.2 million, or approximately 16.3%, from approximately HK\$118.2 million for the six months ended 30 September 2020 (the “**Previous Period**”) to approximately HK\$137.4 million for the Period. Such increase was mainly attributable to increase in revenue of the leasing, trading and properties management business.

#### Leasing of construction machinery

Our Group’s revenue generated from leasing of construction machinery recorded an increase by approximately HK\$14.2 million, or approximately 24.6%, from approximately HK\$57.8 million for the Previous Period to approximately HK\$72.0 million for the Period. Such increase was mainly due to increase in business volume in Hong Kong.

#### Trading of construction machinery

Our Group’s revenue generated from trading of construction machinery recorded an increase by approximately HK\$6.8 million, or approximately 56.7%, from approximately HK\$12.0 million for the Previous Period to approximately HK\$18.8 million for the Period. Such increase was mainly attributable to increased trading demand in Hong Kong market.

### **Transportation services**

Our Group's revenue generated from transportation services decreased by approximately HK\$5.8 million, or 77.9%, from approximately HK\$7.4 million for the Previous Period to approximately HK\$1.6 million for the Period. It is our Group's strategy to reduce our exposure to transportation business as we foresee a decline in market demand in this sector.

### **Property management services**

Our Group's revenue generated from property management services increased by approximately HK\$12.4 million, or 42.1%, from approximately HK\$29.5 million for the Previous Period to approximately HK\$41.9 for the Period. The increase was mainly attributable to the expanded portfolio under management in the Greater Bay Area.

### **Property leasing and Subletting**

Our Group's revenue generated from property leasing and subletting decreased by approximately HK\$8.5 million, or 73.6%, from approximately HK\$11.5 million for the Previous Period to approximately HK\$3.0 for the Period. The decrease was due to the disposal of a subsidiary in the Previous Period.

### **Cost of Sales and Services**

Our Group's cost of sales and services amounted to approximately HK\$78.8 million for the Period (Previous Period: approximately HK\$57.8 million), representing an increase of approximately 36.2%. Cost of sales and services mainly comprised of costs of machinery and equipment and spare parts, rental cost, staff costs and depreciation.

The increase in cost of sales and services was due to increase in business volume from the leasing, and trading of construction machinery segments.

### **Gross Profit and Gross Profit Margin**

Our Group's gross profit recorded HK\$58.6 million for the Period, compared to HK\$60.3 million for the Previous Period. Our gross profit margin decreased to approximately 42.6% for the Period from approximately 51.1% for the Previous Period. The decrease in gross profit margin was mainly attributable to increase in the trading of construction machinery segment which has a lower gross profit margin.

## **Other Income and Gains**

Our Group's other income and gains increased by approximately HK\$0.8 million, or 25.9%, from gain of approximately HK\$3.4 million for the Previous Period to gain of approximately HK\$4.2 million for the Period. The increase in other income and gains was mainly attributable to the gain from disposal of plant and machinery made in the Period.

## **Selling Expenses**

Our Group's selling expenses decreased by approximately HK\$0.2 million, or approximately 9.5%, from approximately HK\$1.7 million for the Previous Period to approximately HK\$1.5 million for the Period, mainly due to the decrease in office expense in the selling department.

## **Administrative Expenses**

Our Group's administrative expenses decreased by approximately HK\$2.3 million, or 13.5%, from approximately HK\$17.3 million for the Previous Period to approximately HK\$15.0 million for the Period. The decrease in administrative expenses was mainly attributable to lower staff costs in the administrative departments for the Period.

## **Finance Income**

Our Group's finance income increased by approximately HK\$1.5 million or 345.0% from approximately HK\$0.4 million for the Previous Period to approximately HK\$1.9 million for the Period, which was mainly attributable to the interest income generated from other receivables.

## **Finance Costs**

Our Group's finance costs decreased by approximately HK\$0.5 million, or 45.9%, from approximately HK\$1.1 million for the Previous Period to approximately HK\$0.6 million for the Period. The decrease in finance costs was mainly attributable to decrease in lease liabilities.

## **Income Tax Expense and Effective Tax Rate**

Our Group's income tax expense increased by approximately HK\$1.4 million, or approximately 13.7%, from approximately HK\$10.2 million for the Previous Period to approximately HK\$11.6 million for the Period, which was mainly attributable to the increased profit proportion of the PRC business segment (which has higher tax rate than Hong Kong) for the Period.

Our Group's effective tax rate increased from approximately 17.4% for the Previous Period to approximately 23.2% for the Period, mainly due to the one off gain realized in the Previous Period which was not taxable and a higher operating profit derived from the PRC this year which has a higher tax rate.

## **Net Profit and Net Profit Margin**

Our Group's net profit decreased by approximately HK\$9.9 million, from approximately HK\$48.3 million for the Previous Period to HK\$38.4 million for the Period, representing a net profit decrease of approximately 20.5%.

Our Group's net profit margin was approximately 27.9% for the Period and 40.9% for the Previous Period, where the decrease was mainly due to an one-off gain realized from disposal of subsidiary in the Previous Period.

## **LIQUIDITY AND FINANCIAL RESOURCES REVIEW**

The Group financed its operations through a combination of cash flow from operations and borrowings. As at 30 September 2021, the Group had cash and cash equivalents of approximately HK\$111.8 million (31 March 2021: approximately HK\$133.8 million) which were mainly denominated in HK\$, and had borrowings of approximately HK\$14.0 million (31 March 2021: approximately HK\$13.1 million) that were mainly denominated in HK\$.

Gearing ratio is calculated as net debt divided by total equity at the end of the reporting period. Net debt is calculated as total borrowings and total obligations under finance leases less cash and cash equivalents and restricted cash. At 30 September 2021, the gearing ratio was not applicable due to the net cash position (2020: Same).

As at 30 September 2021, our Group's total current assets and current liabilities were approximately HK\$320.1 million (31 March 2021: approximately HK\$261.2 million) and approximately HK\$87.6 million (31 March 2021: approximately HK\$90.1 million), respectively. Our Group's current ratio increased to approximately 3.7 times as at 30 September 2021 (31 March 2021: 2.9 times). The current ratio increased mainly due to the repayment of shareholder loans.

## **PLEDGE OF ASSETS**

As at 30 September 2021, our borrowings and obligations under finance leases were secured by property, plant and equipment with net carrying amount of approximately HK\$65.3 million (31 March 2021: approximately HK\$59.8 million).

## **CAPITAL STRUCTURE**

As at 30 September 2021, the total issued share capital of the Company was approximately HK\$12.4 million representing 6,195,000,000 ordinary shares of HK\$0.002 each.



## **CAPITAL EXPENDITURE**

The total capital expenditure incurred for the Period settled by cash was approximately HK\$11.8 million (31 March 2021: approximately HK\$77.0 million), which was mainly used in purchase of property, plant and equipment for property management services and purchase of machinery for our leasing business.

## **CURRENCY RISK**

Certain transactions of the Group are denominated in currencies which are different from the functional currency of the Group, namely, HK\$, and therefore the Group is exposed to foreign exchange risk. Payments made by the Group for the settlement of its purchases from suppliers are generally denominated in HK\$, JPY, USD and EUR. Payments received by the Group from its customers are mainly denominated in HK\$. The available-for-sale financial asset is denominated in USD.

The Group does not have a foreign currency hedging policy. However, the Group will continue to monitor closely its exposure to currency movement and take proactive measures.

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at the end of the reporting period (31 March 2021: nil).

## **CAPITAL COMMITMENTS**

Our capital commitments consist primarily of purchase of construction machinery for leasing purpose. As at 30 September 2021, there were approximately HK\$0.4 million (31 March 2021: HK\$15.0 million) capital commitments of machinery and equipment contracted but not provided for.

## **OTHER DISCLOSURE**

Save as disclosed in this interim results announcement, since the publication of the 2021 annual report, there have been no material changes in the likely future business development of the Group, including the Company's prospects for the current financial year.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2021, our Group had 169 staff (31 March 2021: 225). The total staff costs incurred by our Group for the Period were approximately HK\$21.2 million (Previous Period: approximately HK\$18.9 million).

Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The remuneration policy will be reviewed by the Board from time to time. In addition to basic remuneration, the Group also makes contributions to mandatory provident funds scheme.

#### **IMPORTANT EVENTS AFTER THE END OF THE FINANCIAL PERIOD, SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSET**

The Group did not have any important events after the end of the Period, significant investments, material acquisitions or disposal of subsidiaries, associates and joint ventures and plans for material investments or capital asset.

#### **INTERIM DIVIDEND**

The Board does not recommend the payment of any interim dividend to shareholders of the Company for the Period.

#### **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

There were no purchase, redemption or sale by the Company or any of its subsidiaries of the listed securities of the Company during the Period.

#### **CORPORATE GOVERNANCE PRACTICES**

The Group is committed to maintain high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as our corporate governance practices. The Company has complied with the applicable code provisions under the CG Code during the Period.

#### **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made enquiries to all Directors regarding any non-compliance with the Model Code.

All the Directors confirmed that they have fully complied with the required standard set out in the Model Code during the Period.

## AUDIT COMMITTEE

The Audit Committee was established on 23 January 2017, with specific written terms of references in accordance with rule 3.22 of the Listing Rules and paragraph C.3 of the CG Code. As at the date of approval of this interim result announcement, the Audit Committee comprises three members, namely Mr. Wong Chun Man (Chairman), Mr. Hui Chin Tong Godfrey, and Mr. Ye Longfei, all of whom are independent non-executive Directors.

The unaudited interim condensed consolidated financial statements of the Group for the Period have been reviewed by the Audit Committee.

## PUBLICATION OF THE RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the Company's website (<https://www.szzhaobangji.com>) and the website of the Stock Exchange (<http://www.hkex.com.hk>).

The interim report of the Company for the Period will also be available at the respective websites of the Company and the Stock Exchange and will be despatched to the shareholders of the Company in due course.

By order of the Board  
**Zhaobangji Properties Holdings Limited**  
**Xu Chujia**  
*Chairman and Executive Director*

Hong Kong, 29 November 2021

*As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Xu Chujia, Mr. Cai Chun Fai, Mr. Wei Jinwen and Mr. Xu Chusheng; two non-executive Directors, namely, Ms. Zhan Meiqing and Professor Lee Chack Fan, G.B.S., S.B.S., J.P.; and three independent non-executive Directors, namely, Mr. Hui Chin Tong Godfrey, Mr. Wong Chun Man and Mr. Ye Longfei.*