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Zhaobangji Lifestyle Holdings Limited
兆邦基生活控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(formerly known as Zhaobangji Properties Holdings Limited 兆邦基地產控股有限公司)

(Stock code: 1660)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Zhaobangji Lifestyle 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 2023 (the “**Period**”) together with its comparative figures for the corresponding period in 2022 (the “**Previous Period**”) as follows:

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

For the period ended 30 September 2023

	<i>Notes</i>	Unaudited	
		Six months ended 30 September	
		2023	2022
		HK\$'000	HK\$'000
Revenue	3	152,965	128,790
Cost of sales and services		<u>(125,615)</u>	<u>(111,608)</u>
Gross profit		27,350	17,182
Other gains and losses		2,545	2,348
Selling expenses		(24)	(3,175)
Administrative expenses		<u>(20,385)</u>	<u>(39,525)</u>
Profit/(loss) from operations		9,486	(23,170)
Finance income		405	4,001
Finance costs		<u>(810)</u>	<u>(1,084)</u>
Finance income, net		(405)	2,917
Fair value changes on financial assets at fair value through profit or loss	10	<u>—</u>	<u>(3,002)</u>
Profit/(loss) before tax		9,081	(23,255)
Income tax expense	4	<u>(3,389)</u>	<u>(6,191)</u>
Profit/(loss) for the period	5	<u>5,692</u>	<u>(29,446)</u>
Profit/(loss) attributable to equity holders of the Company		5,692	(29,446)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(7,182)</u>	<u>114</u>
Total comprehensive income/(loss) for the period, net of tax		<u>(1,490)</u>	<u>(29,332)</u>
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		5,692	(29,332)
Non-controlling interests		<u>—</u>	<u>—</u>
Earnings per share for profit/(loss) attributable to equity holders of the Company:			
		HK cent	HK cent
Basic and diluted	7	<u>0.09</u>	<u>(0.47)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2023

		Unaudited	Audited
		30 September	31 March
		2023	2023
	<i>Notes</i>	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		116,750	150,577
Right-of-use assets		6,336	26,450
Financial assets at fair value through other comprehensive income		4,611	4,855
Financial assets at fair value through profit or loss		81,375	85,680
Deposits, prepayments and other receivables	8	9,740	11,936
Loan receivable		46,203	46,203
		<u>265,015</u>	<u>325,701</u>
Current assets			
Inventories		7,443	7,460
Trade receivables	8	142,239	114,219
Deposits, prepayments and other receivables	8	50,924	37,722
Loans receivable		1,724	284
Financial assets at fair value through profit or loss	10	17,146	17,146
Current tax assets		1,421	–
Amount due from related companies		13,458	12,189
Bank and cash balances		45,866	43,245
		<u>280,221</u>	<u>232,265</u>
Total assets		<u>545,236</u>	<u>557,966</u>
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		12,390	12,390
Reserves		420,592	422,085
		<u>432,982</u>	<u>434,475</u>
Non-controlling interest		<u>(49)</u>	<u>(52)</u>
Total equity		<u>432,933</u>	<u>434,423</u>

	Unaudited	Audited
	30 September	31 March
	2023	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES		
Non-current liabilities		
Borrowings	–	9,710
Lease liabilities	–	2,599
Deferred tax liabilities	13,848	13,876
	13,848	26,185
Current liabilities		
Contract liabilities	3,505	5,071
Borrowings	22,520	16,317
Lease liabilities	12,672	22,374
Trade and bills payables	9 28,104	18,045
Accruals and other payables	9 24,218	25,184
Amounts due to related companies	20	6,115
Current tax liabilities	7,415	4,252
	98,454	97,358
Total liabilities	112,302	123,543
Total equity and liabilities	545,236	557,966

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 2023 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 2023 and any public announcements made by the Group during the interim reporting period.

2 ACCOUNTING POLICIES

(a) Changes in accounting policy and disclosures

The Group has adopted the following amendments to HKFRSs, which included HKFRSs, HKAS and Interpretations issued by the HKICPA relevant to the Group’s accounting policies and business operations adopted for the first time prepared and presented on the consolidated financial statements for the annual period beginning on or after 1 April 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current period has no material impact on the Group’s performance and financial positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 “Business Combinations” (“**HKFRS 3**”) so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” (“**HKAS 37**”), an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 “Levies” (“**HK(IFRIC)-Int 21**”), the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

These amendments had no impact on the consolidated financial statements of the Group.

Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

These amendments had no impact on the consolidated financial statements of the Group.

Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling a contract’ comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

These amendments had no impact on the consolidated financial statements of the Group.

Annual Improvements to HKFRSs 2018–2020

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards (“**HKFRS 1**”), which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to HKFRSs.
- HKFRS 9, Financial Instruments (“**HKFRS 9**”), which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included.
- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

These amendments had no impact on the consolidated financial statements of the Group.

(b) **New or amendments to HKFRSs that have been issued but not yet effective**

The following new or amendments to HKFRSs, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “ 2020 Amendments ”) ^{2,4}
Amendments to HKAS 1	Non-current liabilities with Covenants (the “ 2022 Amendments ”) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for the annual period beginning on or after 1 January 2023

² Effective for the annual period beginning on or after 1 January 2024

³ Effective for the annual period beginning on or after a date to be determined

⁴ As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion.

Except for as described below, the directors of the Company do not anticipate that the adoption of these new or amendments to HKFRSs that have been issued but not yet effective will have any material impact on these consolidated financial statements.

Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of HKFRS 15 to be accounted for as a sale. The amendments require a seller lessee to determine “lease payments” or “revised lease payments” such that the seller-lessee would not recognise a gain or loss that relates to the right of use retained by the seller-lessee. The amendments also clarify that applying the requirements does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to subsequent partial or full termination of a lease.

As part of the amendments, Illustrative Example 25 accompanying HKFRS 16 is added to illustrate the application of the requirements in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement or at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 30 September 2023, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 1, Non-current Liabilities with Covenants (2022)

The 2022 Amendments clarify how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. The 2022 Amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The 2022 Amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or noncurrent. The 2022 Amendments are effective for annual periods beginning on or after 1 April 2024 and shall be applied retrospectively. Earlier application of the 2022 Amendments is permitted.

Based on the Group's outstanding liabilities as at 30 September 2023, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty—that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group’s annual reporting period beginning on 1 January 2023.

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 property management services, property leasing, subletting, retail and others in the ordinary course of business. Revenue recognised for the periods are as follows:

	Unaudited	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Revenue		
Leasing of machinery and provision of related services	45,602	61,417
Sales of machinery and spare parts and provision of related services	15,706	5,592
Property management services	28,724	34,285
Property leasing, subletting, retail and others	62,933	27,496
	152,965	128,790

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. Property management – Provision of property management services
4. Property leasing, subletting, retail and others – Provision of property leasing, subletting, retail and other businesses

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 2023

	Unaudited				
	Trading	Leasing	Property	Property	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>Management</i>	<i>leasing,</i>	<i>HK\$'000</i>
			<i>HK\$'000</i>	<i>subletting,</i>	
				<i>retail and</i>	
				<i>others</i>	
				<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue					
Segment revenue from external customers					
Timing of revenue recognition					
– At a point in time	15,706	–	–	59,297	75,004
– Over time	–	45,602	28,724	3,635	77,961
	<u>–</u>	<u>45,602</u>	<u>28,724</u>	<u>3,635</u>	<u>77,961</u>
Results					
Segment profit/(loss)	<u>(1,759)</u>	<u>19,028</u>	<u>(5,705)</u>	<u>10,509</u>	22,073
Unallocated corporate income					–
Unallocated corporate expenses					<u>(12,991)</u>
Profit/(loss) before tax					<u>9,082</u>

For the six months ended 30 September 2022

	Unaudited				
	Trading	Leasing	Property	Property	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>Management</i>	<i>leasing,</i>	<i>HK\$'000</i>
			<i>HK\$'000</i>	<i>subletting,</i>	
				<i>retail and</i>	
				<i>others</i>	
				<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue					
Segment revenue from external customers					
Timing of revenue recognition					
– At a point in time	5,592	–	–	–	5,592
– Over time	–	61,417	34,285	23,585	123,198
	<u>–</u>	<u>61,417</u>	<u>34,285</u>	<u>23,585</u>	<u>123,198</u>
Results					
Segment profit/(loss)	<u>(8,226)</u>	<u>(6,962)</u>	<u>10,978</u>	<u>(14,164)</u>	(18,374)
Unallocated corporate income					4,366
Unallocated corporate expenses					<u>(9,247)</u>
Profit/(loss) before tax					<u>(23,255)</u>

Segment profit/(loss) represents the profit/(loss) 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 2023

	Unaudited				
	Trading	Leasing	Property Management	Property leasing, subletting, retail and others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts included in the measure of segment results:					
Depreciation	1,145	16,680	899	133	18,857
Gain on disposal of property, plant and equipment	–	2,067	–	–	2,067
	<u>–</u>	<u>2,067</u>	<u>–</u>	<u>–</u>	<u>2,067</u>

For the six months ended 30 September 2022

	Unaudited				
	Trading	Leasing	Property Management	Property leasing, subletting, retail and other	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts included in the measure of segment results:					
Depreciation	103	45,406	3,438	384	49,331
Gain on disposal of property, plant and equipment	712	630	–	–	1,342
	<u>712</u>	<u>630</u>	<u>–</u>	<u>–</u>	<u>1,342</u>

4 INCOME TAX EXPENSES

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

	Unaudited	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	3,407	–
– Mainland China taxes	<u>18</u>	<u>6,191</u>
Income tax expenses	<u><u>3,389</u></u>	<u><u>6,191</u></u>

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 2023 (Previous Period: 16.5%).

Mainland China Corporate Income Tax (“CIT”) has been provided at the rate of 25% (Previous Period: 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	
	2023	2022
	HK\$'000	HK\$'000
Cost of machinery and equipment and spare parts sold	20,120	14,274
Cost of rent and management and office expenses	38,118	25,478
Staff costs, including directors’ emoluments	27,918	30,920
Leasing expense of machinery and equipment	1,599	1,524
Operating lease rental in respect of office and storage premises	8,321	22,913
Legal and professional fee	1,863	1,139
Amortization on intangible assets	21,965	21
Depreciation	18,857	52,415
Others	<u>7,263</u>	<u>5,626</u>
Total cost of sales and services, selling and administrative expenses	<u><u>146,025</u></u>	<u><u>154,309</u></u>

6 DIVIDENDS

The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 September 2023.

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	
	2023	2022
	HK\$'000	HK\$'000
Profit/(loss) attributable to equity holders of the Company (HK\$'000)	<u>5,692</u>	<u>(29,446)</u>
Weighted average number of ordinary shares in issue (thousands)	<u>6,195,000</u>	<u>6,195,000</u>
Basic earnings/(loss) per share (HK cents)	<u>0.09</u>	<u>(0.47)</u>

(b) Diluted

Diluted earnings/(loss) per share is of the same amount as the basic earnings/(loss) per share as there were no potential dilutive ordinary share outstanding as at 30 September 2023 (30 September 2022: same).

8 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited	Audited
	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
Trade receivables	155,645	128,117
Allowance for doubtful debts	<u>(13,407)</u>	<u>(13,898)</u>
	<u>142,239</u>	<u>114,219</u>
Deposits, prepayments and other receivables	60,664	49,658
Less: non-current portion	<u>(9,740)</u>	<u>(11,936)</u>
Current portion	<u>50,924</u>	<u>37,722</u>

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

The ageing analysis of the trade receivables based on invoice date was as follows:

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 <i>HK\$'000</i>
0 to 30 days	41,259	51,820
31 to 60 days	5,386	11,210
61 to 90 days	6,868	10,160
More than 90 days	<u>102,132</u>	<u>54,927</u>
	<u>155,645</u>	<u>128,117</u>

9 TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 <i>HK\$'000</i>
Trade and bills payables	28,104	18,045
Accruals and other payables (<i>Note i</i>)	<u>24,218</u>	<u>25,184</u>
	<u>52,322</u>	<u>43,229</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:

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 <i>HK\$'000</i>
0 to 30 days	6,724	3,537
31 to 60 days	2,762	2,605
61 to 90 days	2,508	867
More than 90 days	<u>16,110</u>	<u>11,036</u>
	<u>28,104</u>	<u>18,045</u>

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited	Audited
	30 September	31 March
	2023	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Distressed asset	81,375	85,680
Equity securities, at fair value listed in Hong Kong	7,958	7,957
Unlisted fund investment	3,719	3,719
Derivative financial instruments call options	5,470	5,470
	<u>98,522</u>	<u>102,826</u>

The equity securities listed in Hong Kong, unlisted fund investment and the call options are denominated in HK\$. The distressed asset is denominated in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND MARKET PROSPECT

Zhaobangji Lifestyle 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 in the Hong Kong S.A.R. region, and the provision of property management services, leasing of machinery, property leasing, subletting, retail and other businesses in the Mainland region of the People’s Republic of China (the “**PRC**”).

During the six months ended 30 September 2023 (the “**Period**”), the overall market conditions in Hong Kong and the PRC were challenging as affected by the higher interest rate environment, a stagnant real-estate market and geo-political tensions. The Group will continue to employ low leverage to weather these difficult conditions. The Board believes that the long-term prospect of the Greater Bay Area will continue to be positive driven by robust demand from a sizable population and friendly policies from the government.

FINANCIAL REVIEW

Revenue

Our total revenue increased by approximately HK\$24.2 million, or approximately 18.8%, from approximately HK\$128.8 million for the six months ended 30 September 2022 (the “**Previous Period**”) to approximately HK\$153.0 million for the Period. Such increase was mainly due to the increase in retail business income.

Leasing of Construction Machinery

Our Group’s revenue generated from leasing of construction machinery recorded a decrease by approximately HK\$15.8 million, or approximately 25.7%, from approximately HK\$61.4 million for the Previous Period to approximately HK\$45.6 million for the Period. Such decrease was mainly due to the overall stagnant real estate market in Hong Kong and PRC during the Period.

Trading of Construction Machinery

Our Group’s revenue generated from trading of construction machinery recorded an increase by approximately HK\$10.1 million, or approximately 280.4%, from approximately HK\$5.6 million for the Previous Period to approximately HK\$15.7 million for the Period. Such increase was due to a higher demand in trailers, foundation machines and drilling accessories during the Period.

Property Management Services

Our Group's revenue generated from property management services decreased by approximately HK\$5.6 million, or 16.2%, from approximately HK\$34.3 million for the Previous Period to approximately HK\$28.7 million for the Period. The decrease was mainly due to the certain property management fee concessions provided to tenants as a result of the poor operating environment in the PRC.

Property Leasing, Subletting, Retail and Other Businesses

Our Group's revenue generated from property leasing, subletting, retail and other businesses increased by approximately HK\$35.4 million, or 129%, from approximately HK\$27.5 million for the Previous Period to approximately HK\$62.9 million for the Period. The increase was mainly due to the increase in business activities in the indoor amusement arcade retail business after the effects of COVID lockdowns in the previous Period.

Cost of Sales and Services

Our Group's cost of sales and services amounted to approximately HK\$125.6 million for the Period (Previous Period: approximately HK\$112.6 million), representing an increase of approximately 12.6%. 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 revenue for the Period.

Gross Profit and Gross Profit Margin

Our Group's gross profit recorded HK\$27.4 million for the Period, compared to HK\$17.2 million for the Previous Period. Our gross profit margin increased to approximately 17.9% for the Period from approximately 13.3% for the Previous Period. The increase in gross profit margin was mainly attributable to the reduced effect in this Period from certain one off depreciation charges due to obsolete equipment in the Previous Period.

Other Income and Gains

Our Group's other income and gains increased by approximately HK\$0.2 million, from approximately HK\$2.3 million for the Previous Period to approximately HK\$2.5 million for the Period.

Selling Expenses

Our Group's selling expenses for the Period was less than HK\$0.1 million, as compared to approximately HK\$3.2 million for the Previous Period, mainly because staff in the selling department of the leasing business was restructured to the administrative department.

Administrative Expenses

Our Group's administrative expenses decreased by approximately HK\$19.1 million, or 48.4%, from approximately HK\$39.5 million for the Previous Period to approximately HK\$20.4 million for the Period. The decrease was mainly due to the reduced effect of certain one off depreciation charges due to obsolete equipments in the Previous Period and cost-cutting measures taken as a result of the challenging market conditions.

Finance Income

Our Group's finance income decreased by approximately HK\$3.6 million from approximately HK\$4.0 million for the Previous Period to approximately HK\$0.4 million for the Period, which was mainly attributable to the repayment of certain trade receivables since the Previous Period so less finance income was generated.

Finance Costs

Our Group's finance costs decreased by approximately HK\$0.3 million, or 24.5%, from approximately HK\$1.1 million for the Previous Period to approximately HK\$0.8 million for the Period. The decrease in finance costs was due to lower interest environment in the PRC.

Income Tax Expense and Effective Tax Rate

Our Group generated income tax expense of HK\$3.4 million during the Period, as compared to approximately HK\$6.2 million for the Previous Period, which was mainly attributable to the loss making position of certain PRC subsidiaries for the Period.

Our Group's effective tax rate was 37.3% for the Period. The calculation was not applicable during the Previous Period as the Group incurred a loss before tax.

Net Profit and Net Profit Margin

Our Group generated net profit of HK\$5.7 million for the Period for the reasons described above. The net profit margin was 3.7%. The calculation was not applicable during the Previous Period as the Group incurred net loss.

LIQUIDITY AND FINANCIAL RESOURCES REVIEW

The Group financed its operations through a combination of cash flow from operations and borrowings. As at 30 September 2023, the Group had cash and cash equivalents of approximately HK\$45.9 million (31 March 2023: approximately HK\$43.2 million) which were mainly denominated in HK\$ and RMB, and had borrowings of approximately HK\$22.5 million (31 March 2023: approximately HK\$26.0 million) that were mainly denominated in HK\$ and RMB.

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 2023, the gearing ratio was not applicable due to the net cash position (31 March 2023: Same).

As at 30 September 2023, our Group's total current assets and current liabilities were approximately HK\$280.2 million (31 March 2023: approximately HK\$232.3 million) and approximately HK\$98.5 million (31 March 2023: approximately HK\$97.4 million), respectively. Our Group's current ratio increased to approximately 2.8 times as at 30 September 2023 (31 March 2023: 2.4 times). The current ratio increased mainly due to the disposal of certain property, plant and equipment during the Period.

PLEDGE OF ASSETS

As at 30 September 2023, our borrowings were not secured by property, plant and equipment (31 March 2023: same).

CAPITAL STRUCTURE

As at 30 September 2023, 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 nil. The reduction was the result of a cautious investment approach in light of the current challenging market condition (Previous Period: approximately HK\$30.1 million).

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 2023: nil).

CAPITAL COMMITMENTS

Our capital commitments consist primarily of purchase of construction machinery for leasing purpose. As at 30 September 2023, there were no capital commitments of machinery and equipment contracted but not provided for (31 March 2023: HK\$1.3 million).

OTHER DISCLOSURE

Save as disclosed in this interim results announcement, since the publication of the 2023 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 2023, our Group had 507 staff (31 March 2023: 498). The total staff costs incurred by our Group for the Period were approximately HK\$27.9 million (Previous Period: approximately HK\$30.9 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 Lifestyle Holdings Limited
Xu Chujia
Chairman and Executive Director

Hong Kong, 29 November 2023

As at the date of this announcement, the Board of the Company comprises:

Executive Directors:

Mr. Xu Chujia (*Chairman*)
Mr. Xu Chusheng
Mr. Xu Zhicong
Mr. Kwan Kin Man Keith
Ms. Zhang Yu

Independent Non-executive Directors:

Mr. Hui Chin Tong Godfrey
Mr. Wong Chun Man
Mr. Ye Longfei

Non-executive Director:

Ms. Zhan Meiqing