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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Zhaobangji Properties Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2021 (the “**Year**”) together with comparative figures of the year ended 31 March 2020 (the “**Previous Year**”) as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 MARCH 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	5	240,107	254,568
Cost of sales and services		(130,609)	(152,095)
Gross profit		109,498	102,473
Other gains and losses		35,549	(13,507)
Selling expenses		(4,758)	(3,334)
Administrative expenses		(32,797)	(31,699)
Impairment losses on trade receivables		(1,863)	(1,709)
Profit from operations		105,629	52,224
Finance income		2,430	897
Finance costs		(1,836)	(2,747)
Finance income/(costs), net		594	(1,850)
Profit before tax		106,223	50,374
Income tax expense	7	(18,021)	(13,461)
Profit for the year		88,202	36,913
Other comprehensive income			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		7,024	(2,080)
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain on revaluation of financial asset at fair value through other comprehensive income		1,432	–
Other comprehensive income for the year, net of tax		8,456	(2,080)
Total comprehensive income for the year		96,658	34,833

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the year attributable to:			
Owners of the Company		88,220	36,946
Non-controlling interests		(18)	(33)
		<u>88,202</u>	<u>36,913</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		96,678	34,866
Non-controlling interests		(20)	(33)
		<u>96,658</u>	<u>34,833</u>
Earnings per share for profit attributable to equity holders of the Company:			
	10	<i>HK cents</i>	<i>HK cents</i>
Basic		<u>1.42</u>	<u>0.60</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	11	241,339	222,194
Property usage rights		–	–
Construction in progress		–	37,339
Right-of-use assets		30,503	92,233
Goodwill		61	61
Financial assets at fair value through other comprehensive income	12	2,298	755
Finance lease receivables		377	2,150
Subleasing receivables		1,537	6,400
Deposits, prepayments and other receivables	13	32,199	418
Deferred tax assets		591	1,103
		<hr/> 308,905	<hr/> 362,653
Current assets			
Finance lease receivables		2,859	3,411
Subleasing receivables		2,577	5,639
Inventories		9,331	9,827
Trade receivables	13	65,481	64,501
Deposits, prepayments and other receivables	13	18,230	20,260
Financial assets at fair value through profit or loss	14	28,712	–
Current tax assets		221	680
Bank and cash balances		133,814	75,468
		<hr/> 261,225	<hr/> 179,786
Assets classified as held for sale		<hr/> –	<hr/> 18,698
		<hr/> 261,225	<hr/> 198,484

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current liabilities			
Contract liabilities		1,309	1,243
Loans from a shareholder		–	18,000
Borrowings		13,144	30,109
Lease liabilities		14,776	20,495
Trade and bills payables	15	26,913	21,545
Accruals and other payables	15	27,495	27,380
Amounts due to related companies		1,152	46,221
Current tax liabilities		5,265	4,931
		<u>90,054</u>	<u>169,924</u>
Net current assets		<u>171,171</u>	<u>28,560</u>
Total assets less current liabilities		<u>480,076</u>	<u>391,213</u>
Non-current liabilities			
Lease liabilities		7,491	15,704
Deferred tax liabilities		30,659	30,241
		<u>38,150</u>	<u>45,945</u>
NET ASSETS		<u><u>441,926</u></u>	<u><u>345,268</u></u>
Capital and reserves			
Share capital		12,390	12,390
Reserves		429,588	332,910
Equity attributable to owners of the Company		441,978	345,300
Non-controlling interests		(52)	(32)
TOTAL EQUITY		<u><u>441,926</u></u>	<u><u>345,268</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Zhaobangji Properties Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands with limited liability. The address of its registered office is P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business is Unit 13–15, 11th Floor, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company and its subsidiaries (the “**Group**”) are principally engaged in trading of machinery and spare parts, leasing of machinery and the provision of related services, provision of transportation services in Hong Kong and the provision of property management services, leasing of machinery and property leasing and subleasing in the People’s Republic of China (the “**PRC**”).

In the opinion of the directors of the Company as at 31 March 2021, Boardwin Resources Limited, a company incorporated in the British Virgin Islands, is the immediate and ultimate parent and Mr. Xu Chujia is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of new and revised HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendments to HKFRS 16, COVID-19 Related Rent Concessions.

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year 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.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.

Amendments to HKFRS 3 Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 April 2020. The application of the amendments had no impact on the consolidated financial statements.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, Interest Rate Benchmark Reform

The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform.

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

Amendment to HKFRS 16, COVID-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“**COVID-19 Related Rent Concessions**”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19 Related Rent Concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 April 2020.

(b) New and revised HKFRSs in issue but not yet effective

Other than the amendments to HKFRS 16, COVID-19 Related Rent Concessions, the Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2020. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to HKAS 37 Onerous contracts – cost of fulfilling a contract	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of liabilities as current or non-current	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measure at fair value).

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

5. REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the year is as follows:

	2021 HK\$'000	2020 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines:		
Sales of machinery and spare parts and provision of related services	34,093	55,815
Transportation services	12,949	19,380
Property management services	63,637	56,600
	<u>110,679</u>	<u>131,795</u>
Revenue from other sources		
Interest income on the net investments in subleases	7,883	11,640
Property leasing and subletting	1,110	4,939
	<u>8,993</u>	<u>16,579</u>
Leasing of machinery and provision of related services	120,435	106,194
	<u>129,428</u>	<u>122,773</u>
	<u><u>240,107</u></u>	<u><u>254,568</u></u>

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	Sales of machinery and spare parts and provision of related services		Leasing of machinery and provision of related services		Transportation services		Property management services		Property leasing and subletting		Total	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
For the year ended 31 March												
Primary geographical markets												
Hong Kong	34,093	55,815	91,503	92,293	12,949	19,380	-	-	-	-	138,545	167,488
The PRC except Hong Kong	-	-	28,932	13,901	-	-	63,637	56,600	8,993	16,579	101,562	87,080
Revenue from external customers	<u>34,093</u>	<u>55,815</u>	<u>120,435</u>	<u>106,194</u>	<u>12,949</u>	<u>19,380</u>	<u>63,637</u>	<u>56,600</u>	<u>8,993</u>	<u>16,579</u>	<u>240,107</u>	<u>254,568</u>
Timing of revenue recognition												
Goods and services transferred at a point in time	34,093	55,815	-	-	12,949	19,380	-	-	-	-	47,042	75,195
Services transferred over time	-	-	120,435	106,194	-	-	63,637	56,600	8,993	16,579	193,065	179,373
Total	<u>34,093</u>	<u>55,815</u>	<u>120,435</u>	<u>106,194</u>	<u>12,949</u>	<u>19,380</u>	<u>63,637</u>	<u>56,600</u>	<u>8,993</u>	<u>16,579</u>	<u>240,107</u>	<u>254,568</u>

6. SEGMENT INFORMATION

The Group has five (2020: five) reportable segments as follows:

- (i) Trading – Sales of machinery and spare parts and provision of related services
- (ii) Leasing – Leasing of machinery and provision of related services
- (iii) Transportation – Provision of transportation services
- (iv) Property management – Provision of property management services
- (v) Property leasing and subletting – Provision of property leasing and subletting

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include corporate income and expenses, certain other income, finance cost and income tax.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

(i) Information about reportable segments profit or loss:

	Trading		Leasing		Transportation		Property management		Property leasing and subletting		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 March												
Revenue from external customers	34,093	55,815	120,435	106,194	12,949	19,380	63,637	56,600	8,993	16,579	240,107	254,568
Depreciation and amortisation	-	-	(43,088)	(37,874)	(1,691)	(3,558)	-	-	(905)	(5,130)	(45,684)	(46,562)
Impairment losses on property, plant and equipment	-	-	(326)	(1,049)	-	-	-	-	-	-	(326)	(1,049)
Gain/(Loss) on disposals of property, plant and equipment	-	(140)	1,148	(89)	1,430	-	-	-	760	-	3,338	(229)
Loss on early termination of leases	-	-	-	-	-	-	-	-	(1,304)	-	(1,304)	-
Impairment losses on assets classified as held for sale	-	-	-	(13,256)	-	-	-	-	-	-	-	(13,256)
Segment (loss)/profit before tax	<u>(1,852)</u>	<u>2,330</u>	<u>44,412</u>	<u>28,979</u>	<u>4,527</u>	<u>1,268</u>	<u>37,614</u>	<u>25,475</u>	<u>8,089</u>	<u>10,345</u>	<u>92,790</u>	<u>68,397</u>

(ii) **Reconciliations of reportable segments revenue and profit or loss:**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue		
Total revenue of reportable segments	<u>240,107</u>	<u>254,568</u>
Profit or loss		
Total profit or loss of reportable segments	92,790	68,397
Unallocated amounts:		
Unallocated corporate income	34,280	1,134
Unallocated corporate expenses	<u>(20,847)</u>	<u>(19,157)</u>
Consolidated profit before tax	<u>106,223</u>	<u>50,374</u>

(iii) **Geographical information:**

Revenue

The Group's revenue from external customers by location of operations are detailed below:

	Revenue	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	138,545	167,488
PRC except Hong Kong	<u>101,562</u>	<u>87,080</u>
Consolidated total	<u>240,107</u>	<u>254,568</u>

(iv) **Revenue from major customers:**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A	26,550	40,713
Customer B	<u>28,932</u>	<u>N/A</u>

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.

7. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	2,584	–
Over-provision in prior years	–	(424)
	<u>2,584</u>	<u>(424)</u>
Current tax – PRC Enterprise Income Tax		
Provision for the year	15,511	12,652
Under-provision in prior years	2	154
	<u>15,513</u>	<u>12,806</u>
Deferred tax	<u>(76)</u>	<u>1,079</u>
	<u>18,021</u>	<u>13,461</u>

For the year ended 31 March 2021, under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. For the other Hong Kong established subsidiaries, Hong Kong Profit Tax has been provided at a rate 16.5% on the estimated assessable profits.

No provision for Hong Kong Profits Tax has been made in the financial statements for the year ended 31 March 2020 since the Group has sufficient tax losses brought forward to set off against current year's assessable profit.

PRC Enterprise Income Tax has been provided at a rate of 25% (2020: 25%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/regions in which the Group's subsidiaries operate, based on existing legislation, interpretation and practices in respect thereof.

8. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Depreciation of property, plant and equipment	39,561	37,440
Depreciation of right-of-use assets	7,878	10,840
(Gain)/Loss on disposals of property, plant and equipment	(3,338)	229
Auditor's remuneration	1,718	1,560
– Audit service	1,580	1,560
– Non audit services	138	–
Cost of inventories sold	29,982	47,544
Impairment losses on property, plant and equipment	326	1,049
Impairment losses on trade receivables	1,863	1,709
Impairment losses on assets classified as held for sale	–	13,256
	<u> </u>	<u> </u>

Note: Cost of sales and services includes depreciation of property, plant and equipment, depreciation of right-of-use assets and cost of inventories sold of approximately HK\$75,665,000 (2020: HK\$94,106,000).

9. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 March 2021 (2020: Nil).

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	<u>88,220</u>	<u>36,946</u>
Number of shares		
Issued ordinary shares at 1 April	6,195,000,000	1,239,000,000
Effect of share subdivision	<u>–</u>	<u>4,956,000,000</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share at 31 March	<u>6,195,000,000</u>	<u>6,195,000,000</u>

No diluted earnings per share are presented in 2021 and 2020 as the Company did not have any dilutive potential ordinary shares during the year.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Machinery HK\$'000	Equipment and tools HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost						
At 1 April 2019	2,647	328,369	2,296	3,214	32,892	369,418
Reclassification due to adoption of HKFRS 16	–	(19,734)	–	–	(14,214)	(33,948)
Transfer from right-of-use assets	–	19,734	–	–	–	19,734
Additions	420	33,712	31,250	448	256	66,086
Disposals	–	(16,935)	–	–	(13,769)	(30,704)
Reclassification as held for sale	–	(41,600)	–	–	–	(41,600)
Exchange differences	–	(540)	(920)	(27)	–	(1,487)
At 31 March 2020 and 1 April 2020	3,067	303,006	32,626	3,635	5,165	347,499
Transfer from right-of-use assets	–	–	–	–	12,139	12,139
Transfer to right-of-use assets	–	(2,445)	–	–	–	(2,445)
Additions	–	40,432	21,594	–	800	62,826
Disposals	–	(20,103)	(3,832)	(2)	(3,628)	(27,565)
Exchange differences	–	1,218	3,322	40	–	4,580
At 31 March 2021	3,067	322,108	53,710	3,673	14,476	397,034
Accumulated depreciation and impairment						
At 1 April 2019	662	96,074	48	2,303	14,438	113,525
Reclassification due to adoption of HKFRS 16	–	(4,925)	–	–	(8,113)	(13,038)
Transfer from right-of-use assets	–	5,887	–	–	–	5,887
Charge for the year	1,008	31,027	3,683	279	1,443	37,440
Impairment for the year	–	1,049	–	–	–	1,049
Disposals	–	(5,725)	–	–	(4,055)	(9,780)
Reclassification as held for sale	–	(9,646)	–	–	–	(9,646)
Exchange differences	–	(35)	(92)	(5)	–	(132)
At 31 March 2020 and 1 April 2020	1,670	113,706	3,639	2,577	3,713	125,305
Transfer from right-of-use assets	–	–	–	–	10,232	10,232
Transfer to right-of-use assets	–	(41)	–	–	–	(41)
Charge for the year	1,022	28,809	8,946	265	519	39,561
Impairment for the year	–	326	–	–	–	326
Disposals	–	(15,904)	(941)	–	(3,591)	(20,436)
Exchange differences	–	169	563	16	–	748
At 31 March 2021	2,692	127,065	12,207	2,858	10,873	155,695
Carrying amount						
At 31 March 2021	<u>375</u>	<u>195,043</u>	<u>41,503</u>	<u>815</u>	<u>3,603</u>	<u>241,339</u>
At 31 March 2020	<u>1,397</u>	<u>189,300</u>	<u>28,987</u>	<u>1,058</u>	<u>1,452</u>	<u>222,194</u>

At 31 March 2021, the carrying amount of property, plant and equipment pledged as security for the Group's bank borrowings amounted to HK\$31,502,000 (2020: HK\$61,517,000).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets		
Unlisted equity securities	<u>2,298</u>	<u>755</u>

As at 31 March 2021, the unlisted equity securities represented an investment of 0.70% (2020: 0.70%) equity interest in a private company established in the PRC controlled by certain director of the Company and are denominated in RMB.

The fair value of this investment at 31 March 2021 was valued on asset-based approach with reference to its consolidated management accounts provided by management. The valuation was performed by an independent qualified valuation firm, 深圳市國政房地產土地資產評估顧問有限公司 (“**Guo Zheng Appraisal**”). Guo Zheng Appraisal took into consideration the assets and liabilities of this investment and its current financial status.

13. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	69,074	66,210
Allowance for doubtful debts	<u>(3,593)</u>	<u>(1,709)</u>
	<u>65,481</u>	<u>64,501</u>
Deposits	3,839	2,668
Prepayments	1,931	13,469
Other receivables	<u>44,659</u>	<u>4,541</u>
	50,429	20,678
Less: non-current portion	<u>(32,199)</u>	<u>(418)</u>
	<u>18,230</u>	<u>20,260</u>
	<u>83,711</u>	<u>84,761</u>

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 1 to 90 days. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors and senior management.

The ageing analysis of the Group's trade receivables, based on the invoice date is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	26,974	26,214
31 to 60 days	12,061	14,941
61 to 90 days	8,174	5,549
More than 90 days	<u>21,865</u>	<u>19,506</u>
	<u>69,074</u>	<u>66,210</u>

The ageing analysis of these trade receivables, based on the due date is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current (not past due)	19,375	28,081
1 to 30 days past due	14,759	12,341
31 to 60 days past due	9,193	6,481
61 to 90 days past due	4,923	4,780
More than 90 days past due	20,824	14,527
	<u>69,074</u>	<u>66,210</u>

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Equity securities, at fair value		
Listed in Hong Kong	15,133	–
Derivative financial instruments		
Call options	13,579	–
	<u>28,712</u>	<u>–</u>

Financial assets at FVTPL are denominated in HK\$.

15. TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade and bill payables		
Trade payables	22,504	9,965
Bills payables	4,409	11,580
	<u>26,913</u>	<u>21,545</u>
Accruals and other payables	27,495	27,380
	<u>54,408</u>	<u>48,925</u>

The ageing analysis of the Group's trade and bills payables, based on the date of receipt of goods or service consumed, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	10,857	5,317
31 to 60 days	13,761	3,523
61 to 90 days	1,463	2,674
More than 90 days	832	10,031
	<u>26,913</u>	<u>21,545</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND MARKET PROSPECT

The Group is principally engaged in the trading of machinery and spare parts, leasing of machinery and provision of related services, provision of transportation services in Hong Kong, and provision of property management services, leasing of machinery and property leasing and subletting in the People's Republic of China (the “**PRC**”).

During the Year, although the finance and real estate industries remained relatively stable, the COVID-19 pandemic and Sino-US conflict affected many other businesses in the PRC and Hong Kong. While our business in machinery leasing and property management is relatively defensive and recorded strong growth during the Year, the Board remains vigilant in view of the current market situation.

Leasing of generators is one of the main businesses under our Group's leasing of machinery segment. In recent years, electric power generators have been launched in the construction market and our main product (traditional diesel generator) is facing replacement. Due to comparably higher initial cost for electric power generators, current customers of electric power generators are mainly concentrated in major construction companies. However, the Hong Kong government is actively promoting the low-carbon opportunities for new construction projects in recent year. Most of the government projects (HKHA and CEDD) now require contractors to use more environmentally friendly equipment in the construction process. The Group have introduced prototype of electric power generators in its product line and is also 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 Year. Although the PRC has realized economic rebound after successfully contained the pandemic, the pandemic's long-term effects are still to be seen. The Board will continue to explore potential business opportunities to bring long term value to the shareholders of the Company (the “**Shareholders**”).

FINANCIAL REVIEW

Revenue

Our total revenue decreased by approximately HK\$14.5 million, or 5.7%, from approximately HK\$255 million for the Previous Year to approximately HK\$240 million for the Year. Such decrease was mainly attributable to the decline in the income from the sale of machinery and spare parts and provision of related services and transportation services due to market conditions and provision of property leasing and subletting following the disposal by the Company of 100% of the issued shares of Jimaoshun Wealth Management Ltd, previously a direct wholly-owned subsidiary of the Company on 27 May 2020 (the “**Disposal**”). The decrease had been offset by the increase in the income from leasing of machinery and provision of related services and property management services.

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 13.4%, from approximately HK\$106 million for the Previous Year to approximately HK\$120 million for the Year. Such increase was mainly due to the business expansion in Shenzhen.

Trading of construction machinery

Our Group's revenue generated from trading of construction machinery recorded a decrease by approximately HK\$21.7 million, or approximately 38.9%, from approximately HK\$55.8 million for the Previous Year to approximately HK\$34.1 million for the Year. Such decrease was mainly attributable to unfavorable market condition in the Year.

Transportation services

Our Group's revenue generated from transportation services decreased by approximately HK\$6.4 million, or approximately 33.2%, from approximately HK\$19.4 million for the Previous Year to approximately HK\$13.0 million for the Year. Such decrease was mainly attributable to unfavorable market condition in the Year.

Property management services

Our Group's revenue generated from property management services increased by approximately HK\$7.0 million, or approximately 12.4%, from approximately HK\$56.6 million for the Previous Year to approximately HK\$63.6 million for the Year. The increase was because we increased the area under management in Shenzhen during the Year.

Property leasing and subletting services

Our Group's revenue generated from property leasing and subletting decreased by approximately HK\$7.6 million, or approximately 45.8%, from approximately HK\$16.6 million for the Previous Year to approximately HK\$9.0 million for the Year. Such decrease was mainly attributable to reduction in income following the Disposal.

Cost of Sales and Services

Our Group's cost of sales and services decreased by approximately HK\$21.5 million, or approximately 14.1%, from approximately HK\$152 million for the Previous Year to approximately HK\$131 million for the Year. Cost of sales and services mainly comprised costs of machinery and equipment and spare parts, staff costs and depreciation.

The decrease in cost of sales and services mainly due to lower business volume from the trading of construction machinery.

Gross Profit and Gross Profit Margin

Our Group's gross profit increased by approximately HK\$7.0 million, or approximately 6.9%, from approximately HK\$102 million for the Previous Year to approximately HK\$109 million for the Year, while our gross profit margin increased from approximately 40.3% for the Previous Year to approximately 45.6% for the Year.

The increase in gross profit margin was due to the shrinkage in trading of construction machinery that generates a lower profit margin and the growth of property management services that generates a higher profit margin.

Other Gains and Losses

Our Group's other gains and losses increased by approximately HK\$49.1 million, from approximately HK\$13.5 million loss for the Previous Year to approximately HK\$35.5 million gain for the Year. The increase was mainly due to a one-off loss in impairment on assets classified as held for sale last year and gain in disposal of subsidiary this year.

Selling Expenses

Our Group's selling expenses increased by approximately HK\$1.4 million, or approximately 42.7%, from approximately HK\$3.3 million for the Previous Year to approximately HK\$4.8 million for the Year, mainly due to the higher incentives paid to sales.

Administrative Expenses

Our Group's administrative expenses increased by approximately HK\$1.1 million, or 3.5%, from approximately HK\$31.7 million for the Previous Year to approximately HK\$32.8 million for the Year. The increase is in line with our gain in gross profit for the Year.

Finance Income

Our Group's finance income increased by approximately HK\$1.5 million, or approximately 170.9%, from approximately HK\$0.9 million for the Previous Year to approximately HK\$2.4 million for the Year. The increase mainly generated from the interest income on other receivables.

Finance Costs

Our Group's finance costs decreased by approximately HK\$0.9 million, or approximately 33.2%, from approximately HK\$2.7 million for the Previous Year to approximately HK\$1.8 million for the Year. The decrease in finance costs was mainly attributable to the decrease in external borrowings during the Year.

Income Tax Expense and Effective Tax Rate

Our Group's income tax expense increased by approximately HK\$4.6 million, or approximately 33.9%, from approximately HK\$13.5 million for the Previous Year to approximately HK\$18.0 million for the Year.

Our Group's effective tax rate decreased from approximately 26.7% for the Previous Year to approximately 17.0% for the Year, which was due to higher capital in nature profit generated this Year.

Net Profit and Net Profit Margin

Our Group's net profit increased by approximately HK\$51.3 million, or approximately 139%, from approximately HK\$36.9 million for the Previous Year to approximately HK\$88.2 million for the Year.

Our Group's net profit margin were approximately 36.7% for the Year and 14.5% for the Previous Year, where the increase was mainly due to the reasons illustrated above.

LIQUIDITY AND FINANCIAL RESOURCES REVIEW

The Group financed its operations through a combination of cash flow from operations, borrowings and lease liabilities. As at 31 March 2021, the Group had cash and bank balance of approximately HK\$134 million (2020: approximately HK\$75.5 million) which were mainly denominated in HK\$ and RMB, and had borrowings of approximately HK\$13.1 million (2020: approximately HK\$30.1 million) and lease liabilities of approximately HK\$22.3 million (2020: approximately HK\$36.2 million) respectively that were mainly 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 bank balances and restricted cash. As at 31 March 2021, the gearing ratio was in a net cash position (2020: 15.6%).

As at 31 March 2021, our Group's total current assets and current liabilities were approximately HK\$261 million (2020: approximately HK\$199 million) and approximately HK\$90 million (2020: approximately HK\$170 million) respectively. Our Group's current ratio was approximately 2.90 times as at 31 March 2021 (2020: 1.17 times).

PLEDGE OF ASSETS

As at 31 March 2021, our borrowings of HK\$13.1 million (2020: HK\$30.1 million) and lease liabilities of HK\$17.8 million (2020: HK\$16.8 million) were secured by property, plant and equipment and right-of-use assets with net carrying amount of approximately HK\$59.8 million (2020: approximately HK\$83.3 million).

CAPITAL STRUCTURE

As at 31 March 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 Year settled by cash was approximately HK\$77.0 million (2020: approximately HK\$175.1 million) which was mainly used in purchase of property, plant and equipment for our leasing business and property decoration.

CURRENCY RISK

Certain transactions of the Group are denominated in currencies which are different from the functional currencies of the Group's principal subsidiaries, namely, HK\$ and RMB, 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, EUR and RMB. Payments received by the Group from its customers are mainly denominated in HK\$ and RMB.

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 at the end of the reporting period (31 March 2020: Nil).

CAPITAL COMMITMENTS

Our capital commitments consist primarily of purchase of construction machinery for leasing purpose. As at 31 March 2021, there were approximately HK\$15.0 million (31 March 2020: HK\$9.8 million) capital commitments of machinery and equipment contracted but not provided for.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2021, our Group had 225 staff members (2020: 156). The total staff costs incurred by our Group for the Year were approximately HK\$43.3 million (2020: approximately HK\$40.3 million). The increase in staff costs was mainly due to salary increment for the Year.

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 in Hong Kong and contribute an amount to certain retirement benefit schemes of those employees in the PRC.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSET

- (i) During the Year, the Group did not have any significant investments held.
- (ii) On 21 May 2020 (after trading hours), the Company and an independent third party entered into a sale and purchase agreement, pursuant to which, the Company agreed to sell and the independent third party agreed to purchase 100% of the issued shares of Jimaoshun Wealth Management Ltd, previously a direct wholly-owned subsidiary of the Company (the “**Disposal**”). The consideration for the Disposal was RMB70,000,000 and completion of the Disposal (the “**Completion**”) took place on 27 May 2020 in accordance with the terms and conditions of the sale and purchase agreement. For details, please refer to the announcements of the Company dated 21 May 2020 in relation to the Disposal and 27 May 2020 in relation to the Completion.
- (iii) For the year ended 31 March 2021, the financial performance of the Group has been affected by the COVID-19 outbreak in the early 2020. A series of precautionary and control measures have been and continued to be implemented across Mainland China and Hong Kong.

Following the spread of COVID-19 subsequent to the reporting period to other locations, including but not limited to Asia, management has also taken relevant actions to minimise the unfavourable impact. The Group will pay close attention to the development of the COVID-19 pandemic and evaluate its impact on the financial position, cash flows and financial performance of the Group.

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 for the Year.

SHARE OPTION SCHEME

The Company's share option scheme ("**Share Option Scheme**") was adopted pursuant to the written resolutions passed on 23 January 2017. From the date of the adoption of the Share Option Scheme and up to the end of the reporting period, no share option has been granted, or agreed to be granted, under the Share Option Scheme.

OTHER INFORMATION

Corporate Governance Practices

The Group is committed to maintain high standards of corporate governance to safeguard the interests of the Shareholders 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 (the "**Listing Rules**") Governing the Listing of Securities 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 for the Year.

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 Year.

Scope of work of RSM Hong Kong

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 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, RSM Hong Kong, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Hong Kong on this preliminary announcement.

Review by Audit Committee

The annual results of the Group for the Year have been reviewed by the audit committee of the Company.

Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

Closure of Register of Members

For determining the entitlement to attend and vote at the annual general meeting (“AGM”) of the Company to be held on Friday, 3 September 2021, the register of members of the Company will be closed from Tuesday, 31 August 2021 to Friday, 3 September 2021 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s registrar, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 30 August 2021.

Publication of the Results Announcement and Annual Report

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

The annual report of the Company for the Year will also be available at the respective websites of the Company and the Stock Exchange and will be despatched to the Shareholders in late July.

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

Hong Kong, 28 June 2021

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Xu Chujia, Mr. Cai Chun Fai, Mr. Li Yan Sang, Mr. Wu Hanyu and Mr. Zhao Yiyong; two non-executive Directors, namely, Ms. Zhan Meiqing and Professor Lee Chack Fan, G.B.S., S.B.S., J.P.; and four independent non-executive Directors, namely, Mr. Hui Chin Tong Godfrey, Mr. Ma Fung Kwok, S.B.S., J.P., Mr. Wong Chun Man and Mr. Ye Longfei.