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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 2022**

#### **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 2022 (the “**Year**”) together with comparative figures of the year ended 31 March 2021 (the “**Previous Year**”) as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 MARCH 2022*

	<i>Note</i>	<b>2022</b>	2021
		<b>HK\$'000</b>	HK\$'000
Revenue	5	<b>271,998</b>	240,107
Cost of sales and services		<b>(167,875)</b>	(130,609)
<b>Gross profit</b>		<b>104,123</b>	109,498
Other gains and losses		<b>95</b>	35,549
Impairment losses on financial assets		<b>(4,302)</b>	(1,863)
Selling expenses		<b>(4,122)</b>	(4,758)
Administrative expenses		<b>(37,176)</b>	(32,797)
<b>Profit from operations</b>		<b>58,618</b>	105,629
Finance income		<b>3,358</b>	2,430
Finance costs		<b>(1,290)</b>	(1,836)
Finance income, net		<b>2,068</b>	594
<b>Profit before tax</b>		<b>60,686</b>	106,223
Income tax expense	7	<b>(22,699)</b>	(18,021)
<b>Profit for the year</b>		<b>37,987</b>	88,202
<b>Other comprehensive income</b>			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>6,656</b>	7,024
<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		<b>1,353</b>	1,432
<b>Other comprehensive income for the year, net of tax</b>		<b>8,009</b>	8,456
<b>Total comprehensive income for the year</b>		<b>45,996</b>	96,658

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Profit for the year attributable to:</b>			
Owners of the Company		37,987	88,220
Non-controlling interests		—	(18)
		<u>37,987</u>	<u>88,202</u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		45,999	96,678
Non-controlling interests		(3)	(20)
		<u>45,996</u>	<u>96,658</u>
<b>Earnings per share for profit attributable to equity holders of the Company:</b>			
	10	<i>HK cents</i>	<i>HK cents</i>
Basic		<u>0.61</u>	<u>1.42</u>
Diluted		<u>N/A</u>	<u>N/A</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 MARCH 2022*

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>192,648</b>	241,339
Right-of-use assets		<b>23,696</b>	30,503
Goodwill		–	61
Financial assets at fair value through other comprehensive income	12	<b>3,769</b>	2,298
Finance lease receivables		–	377
Subleasing receivables		–	1,537
Deposits, prepayments and other receivables	13	<b>25,088</b>	32,199
Deferred tax assets		–	591
		<b>245,201</b>	308,905
<b>Current assets</b>			
Finance lease receivables		<b>699</b>	2,859
Subleasing receivables		<b>1,603</b>	2,577
Inventories		<b>8,508</b>	9,331
Trade receivables	13	<b>179,249</b>	65,481
Deposits, prepayments and other receivables	13	<b>39,373</b>	18,230
Financial assets at fair value through profit or loss	14	<b>70,796</b>	28,712
Current tax assets		<b>4,274</b>	221
Amounts due from related companies		<b>19,008</b>	–
Bank and cash balances		<b>44,751</b>	133,814
		<b>368,261</b>	261,225

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Current liabilities</b>			
Contract liabilities		1,336	1,309
Borrowings		9,513	13,144
Lease liabilities		7,057	14,776
Trade and bills payables	15	21,744	26,913
Accruals and other payables	15	28,982	27,495
Amounts due to related companies		1,673	1,152
Current tax liabilities		6,168	5,265
		<u>76,473</u>	<u>90,054</u>
<b>Net current assets</b>		<u>291,788</u>	<u>171,171</u>
<b>Total assets less current liabilities</b>		<u>536,989</u>	<u>480,076</u>
<b>Non-current liabilities</b>			
Borrowings		23,177	–
Lease liabilities		621	7,491
Deferred tax liabilities		25,269	30,659
		<u>49,067</u>	<u>38,150</u>
<b>NET ASSETS</b>		<u><u>487,922</u></u>	<u><u>441,926</u></u>
<b>Capital and reserves</b>			
Share capital		12,390	12,390
Reserves		475,587	429,588
Equity attributable to owners of the Company		487,977	441,978
Non-controlling interests		(55)	(52)
<b>TOTAL EQUITY</b>		<u><u>487,922</u></u>	<u><u>441,926</u></u>

## NOTES

### 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, property leasing and subletting in the People’s Republic of China (the “**PRC**”).

In the opinion of the directors of the Company as at 31 March 2022, 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 adopted the following new or revised HKFRSs, which included HKFRS, HKAS and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“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 2021:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 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 30 June 2021*

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 HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 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.

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

The following new or revised HKFRSs, potentially relevant to the Group's accounting policies and business operations, have been issued, but are not yet effective.

HKFRS 17	Insurance Contracts and the related Amendments <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 <sup>1</sup>

<sup>1</sup> Effective for the annual period beginning on or after 1 January 2022

<sup>2</sup> Effective for the annual period beginning on or after 1 January 2023

<sup>3</sup> Effective for the annual period beginning on or after a date to be determined

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 measured at fair value).

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

## 5. REVENUE

### Disaggregation of revenue

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines:		
Sales of machinery and spare parts and provision of related services	31,638	34,093
Transportation services	6,225	12,949
Property management services	88,543	63,637
Property leasing, subletting and others	313	–
	<u>126,719</u>	<u>110,679</u>
<b>Revenue from other sources</b>		
Interest income on the net investments in subleases	5,469	7,883
Property leasing, subletting and others	1,238	1,110
	<u>6,707</u>	<u>8,993</u>
Leasing of machinery and provision of related services	<u>138,572</u>	<u>120,435</u>
	<u>145,279</u>	<u>129,428</u>
	<u><b>271,998</b></u>	<u><b>240,107</b></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		Transportation services		Property management services		Property leasing, subletting and others		Total	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Primary geographical markets</b>										
Hong Kong	31,638	34,093	6,225	12,949	–	–	–	–	37,863	47,042
The PRC except Hong Kong	–	–	–	–	88,543	63,637	313	–	88,856	63,637
Revenue from external customers	<u>31,638</u>	<u>34,093</u>	<u>6,225</u>	<u>12,949</u>	<u>88,543</u>	<u>63,637</u>	<u>313</u>	<u>–</u>	<u>126,719</u>	<u>110,679</u>
<b>Timing of revenue recognition</b>										
Goods and services transferred at a point in time	31,638	34,093	6,225	12,949	–	–	–	–	37,863	47,042
Services transferred over time	–	–	–	–	88,543	63,637	313	–	88,856	63,637
Total	<u>31,638</u>	<u>34,093</u>	<u>6,225</u>	<u>12,949</u>	<u>88,543</u>	<u>63,637</u>	<u>313</u>	<u>–</u>	<u>126,719</u>	<u>110,679</u>

Revenue from other source not within the scope of HKFRS 15

	Leasing of machinery and provision of related services		Property leasing, subletting and others		Total	
	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Primary geographical markets						
Hong Kong	105,961	91,503	–	–	105,961	91,503
The PRC except Hong Kong	32,611	28,932	6,707	8,993	39,318	37,925
Revenue from external customers	<u>138,572</u>	<u>120,435</u>	<u>6,707</u>	<u>8,993</u>	<u>145,279</u>	<u>129,428</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, subletting and others – Provision of property leasing, subletting and other retail businesses

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, subletting and others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Year ended 31 March</b>												
Revenue from external customers	31,638	34,093	138,572	120,435	6,225	12,949	88,543	63,637	7,020	8,993	271,998	240,107
Inter-segment revenue	-	-	-	-	-	-	1,525	-	-	-	1,525	-
Reportable segment revenue	31,638	34,093	138,572	120,435	6,225	12,949	90,068	63,637	7,020	8,993	273,523	240,107
Depreciation and amortisation	-	-	(65,915)	(43,088)	(248)	(1,691)	-	-	(515)	(905)	(66,678)	(45,684)
Impairment losses on property, plant and equipment	-	-	-	(326)	-	-	-	-	-	-	-	(326)
Gain on disposals of property, plant and equipment	-	-	5,365	1,148	2,121	1,430	-	-	-	760	7,486	3,338
Loss on early termination of leases	-	-	-	-	-	-	-	-	-	(1,304)	-	(1,304)
Segment (loss)/profit before tax	<u>(3,587)</u>	<u>(1,852)</u>	<u>33,945</u>	<u>44,412</u>	<u>5,393</u>	<u>4,527</u>	<u>55,123</u>	<u>37,614</u>	<u>1,084</u>	<u>8,089</u>	<u>91,958</u>	<u>92,790</u>

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

	2022	2021
	HK\$'000	HK\$'000
<b>Revenue</b>		
Total revenue of reportable segments	<u>271,998</u>	<u>240,107</u>
<b>Profit or loss</b>		
Total profit or loss of reportable segments	91,958	92,790
Unallocated amounts:		
Unallocated corporate income	4,383	34,280
Unallocated corporate expenses	<u>(35,655)</u>	<u>(20,847)</u>
Consolidated profit before tax	<u>60,686</u>	<u>106,223</u>

(iii) **Geographical information:**

*Revenue*

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

	Revenue	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong	144,304	138,545
PRC except Hong Kong	127,694	101,562
Consolidated total	<u>271,998</u>	<u>240,107</u>

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

	2022	2021
	HK\$'000	HK\$'000
Customer A	–	26,550
Customer B	32,114	28,932
	<u>32,114</u>	<u>28,932</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:

	2022	2021
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	5,684	2,584
Current tax – PRC Enterprise Income Tax		
Provision for the year	23,917	15,511
Under-provision in prior years	–	2
	<u>23,917</u>	<u>15,513</u>
Deferred tax	<u>(6,902)</u>	<u>(76)</u>
	<u>22,699</u>	<u>18,021</u>

For the year ended 31 March 2022 and 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 Profits Tax has been provided at a rate 16.5% on the estimated assessable profits.

PRC Enterprise Income Tax has been provided at a rate of 25% (2021: 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Depreciation of property, plant and equipment	61,111	39,561
Depreciation of right-of-use assets	6,807	7,878
Gain on disposals of property, plant and equipment	(7,486)	(3,338)
Auditor's remuneration	1,593	1,718
– Audit service	1,540	1,580
– Non-audit services	53	138
Cost of inventories sold	37,299	29,982
Impairment losses on property, plant and equipment	–	326
Impairment losses on goodwill	61	–
Impairment losses on financial assets	4,302	1,863
	<u>61,111</u>	<u>39,561</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\$103,664,000 (2021: HK\$75,665,000).

## 9. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 March 2022 (2021: Nil).

## 10. EARNINGS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Earnings</b>		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	<u>37,987</u>	<u>88,220</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>6,195,000,000</u>	<u>6,195,000,000</u>

No diluted earnings per share are presented in 2022 and 2021 as the Company did not have any dilutive potential ordinary shares during the year.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 March 2022, the Group purchased and disposed property, plant and equipment of approximately HK\$25,366,000 and HK\$45,794,770 (2021: HK\$62,826,000 and HK\$27,565,000) and depreciation of property, plant and equipment, net of the effect of disposal, of HK\$38,665,000 (2021: HK\$19,125,000) was recorded.

In addition, the Group acquired property, plant and equipment, net of HK\$5,243,000 (2021: Nil) through acquisition of subsidiaries during the year ended 31 March 2022.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Unlisted equity securities	<u>3,769</u>	<u>2,298</u>

As at 31 March 2022, the unlisted equity securities represented an investment of 0.70% (2021: 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 2022 was valued on asset-based approach with reference to its consolidated management accounts provided by the 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	186,103	69,074
Allowance for doubtful debts	<u>(6,854)</u>	<u>(3,593)</u>
	<u>179,249</u>	<u>65,481</u>
Deposits	2,444	3,839
Prepayments	23,857	1,931
Other receivables	<u>38,160</u>	<u>44,659</u>
	64,461	50,429
Less: non-current portion	<u>(25,088)</u>	<u>(32,199)</u>
	<u>39,373</u>	<u>18,230</u>
	<u><b>218,622</b></u>	<u><b>83,711</b></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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	15,750	26,974
31 to 60 days	15,106	12,061
61 to 90 days	110,014	8,174
More than 90 days	<u>45,233</u>	<u>21,865</u>
	<u><b>186,103</b></u>	<u><b>69,074</b></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current (not past due)	111,009	19,375
1 to 30 days past due	31,866	14,759
31 to 60 days past due	8,070	9,193
61 to 90 days past due	8,850	4,923
More than 90 days past due	26,308	20,824
	<u>186,103</u>	<u>69,074</u>

#### 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Equity securities listed in Hong Kong	54,660	15,133
Derivative financial instruments – Call options	16,136	13,579
	<u>70,796</u>	<u>28,712</u>

The equity securities listed in Hong Kong and the call options are denominated in HK\$.

#### 15. TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade and bill payables		
Trade payables	20,985	22,504
Bills payables	759	4,409
	<u>21,744</u>	<u>26,913</u>
Accruals and other payables	28,982	27,495
	<u>50,726</u>	<u>54,408</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	12,471	10,857
31 to 60 days	4,129	13,761
61 to 90 days	4,432	1,463
More than 90 days	712	832
	<u>21,744</u>	<u>26,913</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, COVID-19 pandemic has continued impact to the general economic environment in the PRC and Hong Kong. While our business in machinery leasing is relatively defensive and recorded growth in revenue during the Year, the Board remains vigilant in view of the current market situation.

In terms of our property management, property leasing and subletting business, the real-estate market was particularly volatile during the Year which impacted our operating margin. However, most of our business is focused in Shenzhen and we believe that its long-term prospect is still promising, in terms of demographics, its position in the Greater-Bay Area, and it is the headquarter for a number of top global companies.

In light of the challenging market conditions, the Board will continue to employ a low-leverage position and 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 increased by approximately HK\$31.9 million, or 13.3%, from approximately HK\$240.1 million for the Previous Year to approximately HK\$272.0 million for the Year. Such increase was mainly attributable to increase in revenue of the leasing and properties management business.

### ***Leasing of construction machinery***

Our Group's revenue generated from leasing of construction machinery recorded an increase by approximately HK\$18.2 million, or approximately 15.1%, from approximately HK\$120.4 million for the Previous Year to approximately HK\$138.6 million for the Year. Such increase was due to increase in business volume in both Hong Kong and Shenzhen market.

### ***Trading of construction machinery***

Our Group's revenue generated from trading of construction machinery recorded a decrease by approximately HK\$2.5 million, or approximately 7.3%, from approximately HK\$34.1 million for the Previous Year to approximately HK\$31.6 million for the Year. Such decrease was mainly attributable to decreased trading demand in Hong Kong market.

### ***Transportation services***

Our Group's revenue generated from transportation services decreased by approximately HK\$6.7 million, or approximately 51.9%, from approximately HK\$12.9 million for the Previous Year to approximately HK\$6.2 million for the Year. 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\$24.9 million, or approximately 39.2%, from approximately HK\$63.6 million for the Previous Year to approximately HK\$88.5 million for the Year. The increase was because we increased the area under management in the Greater Bay Area during the Year.

### ***Property leasing, subletting services and others***

Our Group's revenue generated from property leasing and subletting decreased by approximately HK\$2.0 million, or approximately 21.9%, from approximately HK\$9.0 million for the Previous Year to approximately HK\$7.0 million for the Year. Such decrease was mainly attributable to the disposal of a subsidiary in the Previous Year, partly offset by the inclusion of a new business in a group of own-branded retail shops, providing recreational activities (e.g. amusement arcades, cinema etc.) in shopping malls in Shenzhen.

## **Cost of Sales and Services**

Our Group's cost of sales and services increased by approximately HK\$37.3 million, or approximately 28.6%, from approximately HK\$130.6 million for the Previous Year to approximately HK\$167.9 million for the Year. Cost of sales and services mainly comprised costs of machinery and equipment and spare parts, staff costs and depreciation. The increase in cost of sales and services mainly due to increase in business volume from leasing of construction machinery and properties management segments, and higher depreciation recorded as a result of our prudent approach to increase depreciation on traditional diesel generators due to replacement and obsolete risk from the change in environmental standard requirements.

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

Our Group's gross profit decreased by approximately HK\$5.4 million, or approximately 4.9%, from approximately HK\$109.5 million for the Previous Year to approximately HK\$104.1 million for the Year, and our gross profit margin decreased from approximately 45.6% for the Previous Year to approximately 38.2% for the Year.

The decrease in gross profit margin was due to a more challenging business environment in the PRC and Hong Kong due to adverse impact from the COVID-19 pandemic and other reasons as listed above.

## **Other Gains and Losses**

Our Group's other gains and losses decreased by approximately HK\$35.4 million, from approximately HK\$35.5 million gain for the Previous Year to approximately HK\$0.1 million gain for the Year. The decrease was mainly due to a one-off gain realized from disposal of subsidiary in the Previous Year and fair value loss on financial assets at fair value through profit or loss for the Year.

## **Selling Expenses**

Our Group's selling expenses decreased by approximately HK\$0.6 million, or approximately 13.4%, from approximately HK\$4.8 million for the Previous Year to approximately HK\$4.1 million for the Year, mainly due to decrease in staff cost in the selling department.

## **Administrative Expenses**

Our Group's administrative expenses increased by approximately HK\$4.4 million, or 13.4%, from approximately HK\$32.8 million for the Previous Year to approximately HK\$37.2 million for the Year. The increase is mainly attributable to the higher rental expenses from the group of own-branded retail shops acquired during the Year.

## **Finance Income**

Our Group's finance income increased by approximately HK\$0.9 million, or approximately 38.1%, from approximately HK\$2.4 million for the Previous Year to approximately HK\$3.4 million for the Year. The increase is mainly generated from the interest income on receivables.

## **Finance Costs**

Our Group's finance costs decreased by approximately HK\$0.5 million, or approximately 29.9%, from approximately HK\$1.8 million for the Previous Year to approximately HK\$1.3 million for the Year. The decrease in finance costs was mainly attributable to the decrease in lease liabilities.

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

Our Group's income tax expense increased by approximately HK\$4.7 million, or approximately 26.0%, from approximately HK\$18.0 million for the Previous Year to approximately HK\$22.7 million for the Year.

Our Group's effective tax rate increased from approximately 17.0% for the Previous Year to approximately 36.3% for the Year, mainly due to the one-off gain realized in the Previous Year which was not taxable, and certain non-deductible expenses incurred during the Year.

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

Our Group's net profit decreased by approximately HK\$50.2 million, or approximately 56.9%, from approximately HK\$88.2 million for the Previous Year to approximately HK\$38.0 million for the Year.

Our Group's net profit margin were approximately 14.0% for the Year and 36.7% for the Previous Year, where the decrease 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 2022, the Group had cash and bank balance of approximately HK\$44.8 million (2021: approximately HK\$133.8 million) which were mainly denominated in HK\$ and RMB, and had borrowings of approximately HK\$32.7 million (2021: approximately HK\$13.1 million) and lease liabilities of approximately HK\$7.7 million (2021: approximately HK\$22.3 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 2022, the gearing ratio was in a net cash position (2021: net cash position).

As at 31 March 2022, our Group's total current assets and current liabilities were approximately HK\$368.3 million (2021: approximately HK\$261.2 million) and approximately HK\$76.5 million (2021: approximately HK\$90.1 million) respectively. Our Group's current ratio was approximately 4.81 times as at 31 March 2022 (2021: 2.90 times).

## **PLEDGE OF ASSETS**

As at 31 March 2022, our borrowings of HK\$32.7 million (2021: HK\$13.1 million) and lease liabilities of HK\$6.8 million (2021: HK\$17.8 million) were secured by property, plant and equipment and right-of-use assets with net carrying amount of approximately HK\$42.2 million (2021: approximately HK\$59.8 million).

## **CAPITAL STRUCTURE**

As at 31 March 2022, 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\$25.0 million (2021: approximately HK\$77.0 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 2021: Nil).

## CAPITAL COMMITMENTS

Our capital commitments consist primarily of purchase of construction machinery for leasing purpose. As at 31 March 2022, there were approximately HK\$1.3 million (31 March 2021: HK\$15.0 million) capital commitments of machinery and equipment contracted but not provided for.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2022, our Group had 416 staff members (2021: 225). The total staff costs incurred by our Group for the Year were approximately HK\$44.2 million (2021: approximately HK\$43.3 million). The increase in staff costs was mainly due to higher headcount 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 24 December 2021, an indirect wholly-owned subsidiary of the Company (the “**Purchaser**”) and two vendors (the “**Vendors**”) who are deemed connected persons of the Company under the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) entered into a sale and purchase agreement, pursuant to which, the Purchaser agreed to purchase and the Vendors agreed to sell the entire equity interest in Shenzhen Bang Century Interactive Network Company Limited\* (深圳市邦世紀互動網絡有限公司) (the “**Acquisition**”). The consideration for the Acquisition was RMB3,000,000 and completion of the Acquisition (the “**Completion**”) took place on 9 March 2022 in accordance with the terms and conditions of the sale and purchase agreement. For details, please refer to the announcement of the Company dated 24 December 2021 in relation to the Acquisition.

- (iii) For the year ended 31 March 2022, 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.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

There was no significant events affecting the Group after the Year and up to the date of this announcement.

## **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 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 Listing Rules 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.

### **Change of Auditor**

RSM Hong Kong resigned as the auditor of the Company with effect from 25 April 2022. Following the resignation of RSM Hong Kong, the Board, with the recommendation of the Audit Committee, has resolved to appoint BDO Limited as the auditor of the Company with effect from 25 April 2022 to fill the vacancy following the resignation of RSM Hong Kong and to hold office until the conclusion of the next annual general meeting of the Company.

For further details of the change of auditor, please refer to the announcement of the Company dated 25 April 2022.

### **Scope of work of BDO Limited**

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 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited on the 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 (2021: 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, 2 September 2022, the register of members of the Company will be closed from Tuesday, 30 August 2022 to Friday, 2 September 2022 (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, 29 August 2022.

## **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 2022

*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.*

\* *For identification purpose only*