

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Zhaobangji Properties Holdings Limited

兆邦基地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1660)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Zhaobangji Properties Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2019 (the “**Period**”) together with its comparative figures for the corresponding period in 2018 (the “**Previous Period**”) as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2019

		Unaudited	
		Six months ended 30 September	
	<i>Note</i>	2019	2018
		HK\$'000	HK\$'000
Revenue	3	141,403	77,580
Cost of sales and services		(91,728)	(45,945)
Gross profit		49,675	31,635
Other income and gains, net		3,118	1,795
Selling expenses		(2,143)	(2,688)
Administrative expenses		(17,654)	(13,964)
Operating profit		32,996	16,778
Finance income		384	10
Finance costs		(1,161)	(1,358)
Finance costs, net		(777)	(1,348)
Profit before income tax		32,219	15,430
Income tax expenses	4	(7,952)	(2,630)
Profit for the period	5	24,267	12,800
Profit attributable to equity holders of the Company		24,267	12,800
Other comprehensive income/(loss), net of tax			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Fair value gain/(loss) on revaluation of financial asset at fair value through other comprehensive income/available-for-sale financial assets		–	767
Foreign exchange differences		760	–
Total comprehensive income for the period, net of tax		25,027	13,567
Total comprehensive income for the year attributable to:			
Equity holders of the Company		25,063	13,567
Non-controlling interests		(36)	–
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share for profit attributable to equity holders of the Company:			
Basic and diluted	7	1.96	1.03

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2019

		Unaudited 30 September 2019 HK\$'000	Audited 31 March 2019 HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		313,266	260,028
Property usage rights		53,733	54,718
Right-of-use assets	2	13,436	–
Deferred income tax assets		5,863	1,119
Deposits, prepayments and other receivables		34	185
Goodwill		61	61
		<u>386,393</u>	<u>316,111</u>
Current assets			
Inventories		14,213	7,379
Trade receivables	8	63,134	48,885
Deposits, prepayments and other receivables	8	14,677	4,234
Income tax recoverable		5,226	5,048
Restricted cash		–	6,428
Cash and cash equivalents		62,023	189,524
		<u>159,273</u>	<u>261,498</u>
Total assets		<u>545,666</u>	<u>577,609</u>
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		12,390	12,390
Reserves		323,106	298,044
		335,496	310,434
Non-controlling interest		<u>(34)</u>	<u>1</u>
Total equity		<u>335,462</u>	<u>310,435</u>

		Unaudited	Audited
		30 September	31 March
		2019	2019
<i>Note</i>		HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
		28,988	29,178
		9,719	2,738
		38,707	31,916
Current liabilities			
	9	44,196	31,752
	9	12,797	68,705
		29,732	1,221
		15,253	74,575
		2,964	2,077
	2	13,497	–
		38,025	46,378
		9,958	8,396
		5,075	2,154
		171,497	235,258
Total liabilities		210,204	267,174
Total equity and liabilities		545,666	577,609

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 2019 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 2019 and any public announcements made by the Group during the interim reporting period.

2 ACCOUNTING POLICIES

2.1 Changes in accounting policy and disclosures

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies applied in the interim condensed consolidated financial statements for the six months ended 30 September 2019 are consistent with those adopted in the consolidated financial statements for the year ended 31 March 2019.

(a) *New and amended standards effective and adopted by the Group*

A number of new or amended standards became applicable for the current reporting period. The impact of adopting following standards are disclosed below:

HKFRS 16	Lease
HK(IFIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual improvements to HKFRSs 2015–2017 Cycle

The impact of the adoption of these standards and the new accounting policies are disclosed in Notes 2.1(a)(i) below. The other standards did not have any impact on the Group’s accounting policies and did not require retrospective adjustments.

(i) *HKFRS 16 “Leases”*

The Group is a lessee of its buildings which are currently classified as operating leases. As at 30 September 2019, the Group has aggregate minimum lease payments, which are not reflected in the condensed consolidated interim statement of financial position, under non-cancellable operating leases of approximately HK\$14,701,000.

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the consolidated statement of financial position. Instead, all long-term leases must be recognised in the consolidated statement of financial position in the form of assets (for the rights of use) and lease liabilities (for the payment obligations), both of which would carry initially at the discounted present value of the future operating lease commitments. Short-term leases with a lease term of twelve months or less and leases of low- value assets are exempt from such reporting obligations.

The new standard will therefore result in an increase in right-to-use asset and an increase in lease liability in the consolidated balance sheet. In the consolidated income statement, rental expenses will be replaced with depreciation and interest expense.

Interest expense on the lease liability will be presented separately from depreciation under finance costs. As a result, the rental expenses under otherwise identical circumstances will decrease, while depreciation and the interest expense will increase.

The combination of a straight-line depreciation of the right-to-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term. The new standard is not expected to be applied by the Group until the financial year ending 31 March 2020.

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's condensed consolidated financial information and also discloses the new accounting policies that have been applied from 1 April 2019, where they are different to those applied in prior periods.

(b) Adjustments recognised on the adoption of HKFRS 16

On the adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4.35%.

For leases previously classified as 'finance leases', the Group recognised the carrying amounts of these leased assets and lease liabilities immediately before transition as the carrying amounts of the right-of-use assets and the lease liabilities at 1 April 2019 (date of initial application). The measurement principles of HKFRS 16 are only applied after that date.

The recognised right-of-use assets relate to the following types of assets:

	Unaudited 30 September 2019 HK\$'000
Right-of-use asset	
Commercial Buildings	16,675
– Depreciation – right-of-use assets	(3,239)
	<hr/>
	13,436
	<hr/>
Lease liabilities	13,497
	<hr/> <hr/>

(c) ***Practical expedients applied in applying***

HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 'Determining whether an Arrangement contains a Lease'.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable (if any);
- variable lease payment that are based on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option

The lease payments are discounted using the interest rate implicit in the lease.

2.2 Estimation of income tax

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3 REVENUE AND SEGMENT INFORMATION

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

	Unaudited	
	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
Revenue		
Leasing of machinery and provision of related services	47,397	49,118
Sales of machinery and spare parts and provision of related services	40,775	18,627
Transportation services	10,375	7,999
Property management services	29,319	1,836
Property leasing and subletting	13,537	–
	141,403	77,580

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

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

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

Segment revenue and results

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

For the six months ended 30 September 2019

	Unaudited					Total HK\$'000
	Trading HK\$'000	Leasing HK\$'000	Transportation HK\$'000	Property Management HK\$'000	Property leasing and subletting HK\$'000	
Revenue						
Segment revenue from external customers						
Timing of revenue recognition						
– At a point in time	40,775	–	10,375	–	–	51,150
– Over time	–	47,397	–	29,319	10,888	87,604
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Results						
Segment profit	<u>5,809</u>	<u>14,371</u>	<u>603</u>	<u>14,950</u>	<u>4,673</u>	40,406
Unallocated corporate income						1,784
Unallocated corporate expenses						<u>(9,972)</u>
Profit before tax						<u>32,218</u>

For the six months ended 30 September 2018

	Unaudited					Total HK\$'000
	Trading HK\$'000	Leasing HK\$'000	Transportation HK\$'000	Property Management HK\$'000	Property leasing and subletting HK\$'000	
Revenue						
Segment revenue from external customers						
Timing of revenue recognition						
– At a point in time	18,627	–	7,999	–	–	26,626
– Over time	–	49,118	–	1,836	–	50,954
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Results						
Segment profit	<u>4,147</u>	<u>20,185</u>	<u>31</u>	<u>302</u>	–	24,665
Unallocated corporate income						1,291
Unallocated corporate expenses						<u>(10,536)</u>
Profit before tax						<u>15,420</u>

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

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

Other segment information

For the six months ended 30 September 2019

	Unaudited					Total HK\$'000
	Trading HK\$'000	Leasing HK\$'000	Transportation HK\$'000	Property leasing and subletting HK\$'000	Unallocated HK\$'000	
Amounts included in the measure of segment results:						
Depreciation	-	(17,344)	(1,960)	(3,404)	(861)	(23,569)
Gain/(loss) on disposal of property, plant and equipment	<u>1,359</u>	<u>357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,716</u>

For the six months ended 30 September 2018

	Unaudited					Total HK\$'000
	Trading HK\$'000	Leasing HK\$'000	Transportation HK\$'000	Unallocated HK\$'000	Property leasing and subletting HK\$'000	
Amounts included in the measure of segment results:						
Depreciation	-	(14,793)	(1,960)	(758)	-	(17,511)
Gain/(loss) on disposal of property, plant and equipment	<u>637</u>	<u>(138)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>499</u>

4 INCOME TAX EXPENSES

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

	Unaudited	
	Six months ended 30 September 2019 HK\$'000	2018 HK\$'000
Current income tax		
– Hong Kong profits tax	2,851	1,398
– Mainland China taxes	5,101	52
Deferred income tax	<u>-</u>	<u>1,180</u>
Income tax expenses	<u>7,952</u>	<u>2,630</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 2019 (six months ended 30 September 2018: 16.5%).

Mainland China Corporate Income Tax (“CIT”) has been provided at the rate of 25% (six months ended 30 September 2018: 25%) on the estimated assessable profits which are subject to CIT.

5. EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging/(crediting):		
Costs of machinery and equipment and spare parts sold	34,738	14,481
Cost of rent and management and office expenses	14,607	–
Staff costs, including directors' emoluments	19,783	13,632
Leasing expense of machinery and equipment	3,565	2,906
Operating lease rental in respect of office and storage premises	2,386	1,086
Auditor's remuneration	720	730
Amortization on IA	1,009	–
Depreciation		
– owned machinery and equipment	18,784	15,551
– machinery and equipment held under finance leases	4,785	1,960
Other	9,921	–

6 DIVIDENDS

The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 September 2019.

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	
	2019	2018
Profit attributable to equity holders of the Company (HK\$'000)	24,267	12,800
Weighted average number of ordinary shares in issue (thousands)	1,239,000	1,239,000
Basic earnings per share (HK cents)	1.96	1.03

(b) Diluted

Diluted earnings per share is of the same amount as the basic earnings per share as there were no potential dilutive ordinary share outstanding as at 30 September 2019 (30 September 2018: same).

8 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited 30 September 2019 <i>HK\$'000</i>	Audited 31 March 2019 <i>HK\$'000</i>
Trade receivables	63,134	48,885
Loss allowance	—	—
	<u>63,134</u>	<u>48,885</u>
Deposits, prepayments and other receivables	14,677	4,419
Less: non-current portion	—	(185)
Current portion	<u>14,677</u>	<u>4,234</u>

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

As at 30 September 2019, the ageing analysis of the trade receivables based on invoice date was as follows:

	Unaudited 30 September 2019 <i>HK\$'000</i>	Audited 31 March 2019 <i>HK\$'000</i>
0 to 30 days	26,888	31,925
31 to 60 days	6,365	5,695
61 to 90 days	14,095	3,172
More than 90 days	<u>15,786</u>	<u>8,093</u>
	<u>63,134</u>	<u>48,885</u>

9 TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	Unaudited 30 September 2019 <i>HK\$'000</i>	Audited 31 March 2019 <i>HK\$'000</i>
Trade and bills payables	44,196	31,752
Accruals and other payables (<i>Note i</i>)		
– Payable for acquisition of property usage rights	–	56,455
– Accruals and other payables	12,797	12,250
	56,993	100,457

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 2019 <i>HK\$'000</i>	Audited 31 March 2019 <i>HK\$'000</i>
0 to 30 days	9,898	14,828
31 to 60 days	11,016	3,818
61 to 90 days	12,226	9,159
More than 90 days	11,056	3,947
	44,196	31,752

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND MARKET PROSPECT

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

During the Period, the Group's business grew steadily, especially the newly commenced property management and property leasing and subletting business achieved good results. At the same time, the PRC has continuously introduced policies to increase reform and opening up and promote the policy of Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area, and Shenzhen has become a pioneering socialist demonstration area with Chinese characteristics. The Board believes that the PRC, especially Guangdong-Hong Kong-Macao Greater Bay Area, will become a hot spot for global investment. Although the real estate market in some regions has been strictly controlled by the central government, Guangdong-Hong Kong-Macao Greater Bay Area, as a national key development area, still has a large number of business opportunities including urban renewal, development and construction of pilot free trade zone, as well as investment in quality residential and commercial projects.

Hong Kong and Shenzhen are the core cities of Guangdong-Hong Kong-Macao Greater Bay Area, and is also the root of the business of the Group. The Group is full of confidence with the Greater Bay Area policy. The future development potential of the Greater Bay Area will be huge and it will become an important carrier for the PRC to build a world-class urban agglomeration and participate in global competition. Compared with the World's "Three Great Bay Areas", Guangdong-Hong Kong-Macao Greater Bay Area is more advantageous, with a broad development space and huge economic volume. The Group will continue to conduct property management, leasing management, real estate investment, real estate development and related businesses in the Guangdong-Hong Kong-Macao Greater Bay Area using the network of the Directors in the Greater Bay Area. At the same time, the Board will continue to respond to the changing global situation with a strategy of low debt and steady development strategy.

FINANCIAL REVIEW

Revenue

Our total revenue increased by approximately HK\$63.8 million, or approximately 82.2%, from approximately HK\$77.6 million for the Previous Period to approximately HK\$141.4 million for the Period. Such increase was mainly attributable to: (i) the increase in revenue from leasing of construction machinery; and (ii) new revenue from the expansion into a new property management services segment in the PRC.

Leasing of construction machinery

Our Group's revenue generated from leasing of construction machinery recorded a decrease by approximately HK\$1.7 million, or approximately 3.5%, from approximately HK\$49.1 million for the Previous Period to approximately HK\$47.4 million for the Period. Such decrease was mainly due to the decrease in construction machinery available for leasing for the Period.

Trading of construction machinery

Our Group's revenue generated from trading of construction machinery recorded an increase by approximately HK\$22.2 million, or approximately 119.4%, from approximately HK\$18.6 million for the Previous Period to approximately HK\$40.8 million for the Period. Such increase was mainly attributable to the increase in commencement of several public related projects prosperous without obstacle in the overall properties development market in Hong Kong which increased the demand for construction machinery in the industry.

Transportation services

Our Group's revenue generated from transportation services increased by approximately HK\$2.4 million, or 30.0%, from approximately HK\$8.0 million for the Previous Period to approximately HK\$10.4 million for the Period. Profit margin increased in this business segment and increased the demand for transportation services in the industry.

Property management services

Our Group began to expand into the property management services segment in September 2018 and recorded revenue of approximately HK\$29.3 million for the Period. We will continue to expand our portfolio of properties under management in the future, in line with the Board's strategy to leverage our resources to expand into the Greater Bay Area.

Property leasing and Subletting

Our Group began to expand into the property leasing and Subletting segment in October 2018 and recorded revenue of approximately HK\$13.5 million for the Period. We will continue to expand our portfolio of sub-rental services in the future, in line with the Board's strategy to leverage our resources to expand into the Greater Bay Area.

Cost of Sales and Services

Our Group's cost of sales and services amounted to approximately HK\$91.7 million for the Period, representing an increase of approximately 99.8% (Previous Period: approximately HK\$45.9 million). 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 in-line with the higher revenue generated for the Period.

Gross Profit and Gross Profit Margin

Our Group's gross profit increased by approximately HK\$18.1 million, or 57.3%, from approximately HK\$31.6 million for the Previous Period to approximately HK\$49.7 million for the Period. Our gross profit margin decreased to approximately at 35.1% for the Period from approximately 40.8% for the Previous Period. The decrease in gross profit margin was mainly attributable to increase in trading of construction machinery segment which have a lower gross profit margin.

Other Income and Gains

Our Group's other income and gains increased by approximately HK\$1.3 million, or 72.2%, from gain of approximately HK\$1.8 million for the Previous Period to gain of approximately HK\$3.1 million for the Period. The increase in other income and gains was mainly attributable to disposal and refund of plant and machinery insurance claim made in the Previous Period.

Selling Expenses

Our Group's selling expenses decreased by approximately HK\$0.6 million, or approximately 22.2%, from approximately HK\$2.7 million for the Previous Period to approximately HK\$2.1 million for the Period, mainly due to the decrease in staff costs in the selling department and office expenses.

Administrative Expenses

Our Group's administrative expenses increased by approximately HK\$3.7 million, or 26.4%, from approximately HK\$14.0 million for the Previous Period to approximately HK\$17.7 million for the Period. The increase in administrative expenses was mainly attributable to higher staff costs and professional expenses incurred for the Period.

Finance Income

Our Group's finance income increased by approximately HK\$374,000 or 3,740.0%, from approximately HK\$10,000 for the Previous Period to approximately HK\$384,000 for the Period, which was mainly attributable to increase total fixed bank deposit amount.

Finance Costs

Our Group's finance costs decreased by approximately HK\$0.2 million, or 14.3%, from approximately HK\$1.4 million for the Previous Period to approximately HK\$1.2 million for the Period. The decrease in finance costs was mainly attributable to repayment of bank loan for the Period.

Income Tax Expense and Effective Tax Rate

Our Group's income tax expense increased by approximately HK\$5.4 million, or approximately 207.7%, from approximately HK\$2.6 million for the Previous Period to approximately HK\$8.0 million for the Period, which was mainly attributable to developing the Mainland business into the Greater Bay Area.

Our Group's effective tax rate increased from approximately 17.1% for the Previous Period to approximately 24.7% for the Period, mainly due to a higher tax rate applicable to the property management and property leasing and subletting segment.

Net Profit and Net Profit Margin

Our Group's net profit increased by approximately HK\$11.5 million, from approximately HK\$12.8 million for the Previous Period to HK\$24.3 million for the Period, representing a net profit increase of approximately 89.8%.

Our Group's net profit margin was approximately 17.2% for the Period and 16.5% for the Previous Period, where the increase was mainly due to increase of revenue of property management and property leasing and subletting segments for the Period.

LIQUIDITY AND FINANCIAL RESOURCES REVIEW

The Group financed its operations through a combination of cash flow from operations, borrowings and obligations under finance leases. As at 30 September 2019, the Group had cash and cash equivalents of approximately HK\$62.0 million (31 March 2019: approximately HK\$189.5 million) which were mainly denominated in HK\$, and had borrowings of approximately HK\$38.0 million (31 March 2019: approximately HK\$46.4 million) and obligations under finance leases of approximately HK\$10.0 million (31 March 2019: approximately HK\$8.4 million) respectively that were mainly denominated in HK\$.

Gearing ratio is calculated as net debt divided by total equity at the end of the reporting period. Net debt is calculated as total borrowings and total obligations under finance leases less cash and cash equivalents and restricted cash. At 30 September 2019, the gearing ratio was not applicable due to the net cash position (2018: Same).

As at 30 September 2019, our Group's total current assets and current liabilities were approximately HK\$159.3 million (31 March 2019: approximately HK\$261.5 million) and approximately HK\$171.5 million (31 March 2019: approximately HK\$235.3 million), respectively. Our Group's current ratio decreased to approximately 0.9 times as at 30 September 2019 (31 March 2019: 1.1 times). The current ratio decreased mainly due to the repayment of shareholder loans.

PLEDGE OF ASSETS

As at 30 September 2019, our borrowings and obligations under finance leases were secured by property, plant and equipment with net carrying amount of approximately HK\$102.8 million (31 March 2019: approximately HK\$99.6 million).

CAPITAL STRUCTURE

As at 30 September 2019, the total issued share capital of the Company was approximately HK\$12.4 million representing 1,239,000,000 ordinary shares of HK\$0.01 each.

CAPITAL EXPENDITURE

The total capital expenditure incurred for the Period settled by cash was approximately HK\$92.0 million (31 March 2019: approximately HK\$76.2 million), which was mainly used in purchase of property, plant and equipment for property management services and purchase of machinery for our leasing business.

CURRENCY RISK

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

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

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at the end of the reporting period (31 March 2019: nil).

CAPITAL COMMITMENTS

Our capital commitments consist primarily of purchase of construction machinery for leasing purpose. As at 30 September 2019, there were approximately HK\$18.5 million (31 March 2019: HK\$13.9 million) capital commitments of machinery and equipment contracted but not provided for.

IMPORTANT EVENTS AFTER THE END OF THE FINANCIAL PERIOD

Pursuant to an ordinary resolution passed by the shareholders of the Company at the extraordinary general meeting of the Company held on 15 October 2019, every one existing issued and unissued ordinary share of par value of HK\$0.01 each in the share capital of the Company was subdivided into five ordinary shares of par value of HK\$0.002 each (the “**Share Subdivision**”). The Share Subdivision took effect on 17 October 2019.

OTHER DISCLOSURE

Since the publication of the 2019 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 2019, our Group had 187 staff (31 March 2019: 212). The total staff costs incurred by our Group for the Period were approximately HK\$19.8 million (Previous Period: approximately HK\$13.6 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.

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 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.

USE OF NET PROCEEDS FROM THE LISTING

The shares of the Company have been listed on the Stock Exchange since 10 February 2017 (the “**Listing Date**”). The receipt of proceeds net of listing expenses upon the Listing were approximately HK\$109.4 million. The Company subsequently reallocated the use of net proceeds from the Listing as disclosed in the announcement dated 22 October 2018. As at 30 September 2019, the net proceeds had been utilised as follows:

	Net proceeds from the Listing after the reallocation disclosed in the announcement dated 22 October 2018 <i>HK\$ million</i>	Actual utilisation up to 30 September 2019 <i>HK\$ million</i>	Unutilised amounts as at 30 September 2019 <i>HK\$ million</i>
Expansion of our leasing fleet	102.4	102.4	–
Expansion of our transportation fleet	3.7	3.7	–
General working capital	3.3	1.3	2.0
	<hr/>	<hr/>	<hr/>
Total	109.4	107.4	2.0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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. Save as disclosed elsewhere in this interim results announcement, 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.

REVIEW OF FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements of the Group for the Period have been reviewed by the external auditor of the Company, PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

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 results announcement, the Audit Committee comprises three members, namely Mr. Wong Chun Man (Chairman), Mr. Hui Chin Tong Godfrey, and Mr. Ye Longfei, all of whom are independent non-executive Directors.

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

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

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

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

Hong Kong, 29 November 2019

As at the date of this announcement, the Board comprises seven executive Directors, namely, Mr. Xu Chujia, Mr. Cai Chun Fai, Mr. Li Yan Sang, Mr. Sze-to Kin Keung, Mr. Wu Hanyu, Mr. Xu Lin 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 five independent non-executive Directors, namely, Mr. Hui Chin Tong Godfrey, Mr. Ma Fung Kwok, S.B.S., J.P., Mr. Wong Chun Man, Mr. Ye Longfei and Mr. Zhang Guoliang.