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Zhaobangji Properties Holdings Limited

兆邦基地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1660)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

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 2022 (the “**Period**”) together with its comparative figures for the corresponding period in 2021 (the “**Previous Period**”) as follows:

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

For the period ended 30 September 2022

	<i>Note</i>	Unaudited	
		Six months ended 30 September	
		2022	2021
		HK\$'000	HK\$'000
Revenue	3	128,790	137,372
Cost of sales and services		(111,608)	(78,796)
Gross profit		17,182	58,576
Other gains and losses		2,348	4,242
Selling expenses		(3,175)	(1,505)
Administrative expenses		(39,525)	(14,993)
Profit/(loss) from operations		(23,170)	46,320
Finance income		4,001	1,851
Finance costs		(1,084)	(572)
Finance income, net		2,917	1,279
Fair value changes on Financial assets at fair value through profit or loss (“ Financial assets at FVPL ”)	10	(3,002)	2,096
Disposal in subsidiary		–	257
Profit/(loss) before tax		(23,255)	49,952
Income tax expense	4	(6,191)	(11,580)
Profit/(loss) for the period	5	(29,446)	38,372
Profit/(loss) attributable to equity holders of the Company		(29,446)	38,372
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		114	2,268
Total comprehensive income/(loss) for the period, net of tax		(29,332)	40,640
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		(29,332)	40,640
Non-controlling interests		–	0.4
Earnings per share for profit/(loss) attributable to equity holders of the Company:			
		<i>HK cents</i>	<i>HK cents</i>
Basic and diluted	7	(0.47)	0.62

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2022

		Unaudited	Audited
		30 September	31 March
		2022	2022
	<i>Note</i>	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		175,505	192,648
Right-of-use assets		14,985	23,696
Financial assets at fair value through other comprehensive income		3,365	3,769
Deposits, prepayments and other receivables	8	18,953	25,088
Loan receivable		70,837	–
		<hr/>	<hr/>
		283,645	245,201
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Finance lease receivables		326	699
Subleasing receivables		–	1,603
Inventories		7,845	8,508
Trade receivables	8	87,111	179,249
Deposits, prepayments and other receivables	8	54,642	39,373
Financial assets at FVPL	10	70,960	70,796
Current tax assets		3,483	4,274
Amount due from related companies		7,418	19,008
Bank and cash balances		41,419	44,751
		<hr/>	<hr/>
		273,202	368,261
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets		556,847	613,462
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EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		12,390	12,390
Reserves		428,270	475,587
		<hr/>	<hr/>
		440,660	487,977
Non-controlling interest		(334)	(55)
		<hr/>	<hr/>
Total equity		440,326	487,922
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		Unaudited	Audited
		30 September	31 March
		2022	2022
	<i>Note</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings		20,423	23,177
Lease liabilities		151	621
Deferred tax liabilities		25,269	25,269
		<u>45,843</u>	<u>49,067</u>
Current liabilities			
Contract liabilities		3,684	1,336
Borrowings		7,959	9,513
Lease liabilities		2,826	7,057
Trade and bills payables	9	23,454	21,744
Accruals and other payables	9	31,515	28,982
Amounts due to related companies		20	1,673
Current tax liabilities		1,220	6,168
		<u>70,678</u>	<u>76,473</u>
Total liabilities		<u>116,521</u>	<u>125,540</u>
Total equity and liabilities		<u>556,847</u>	<u>613,462</u>

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 2022 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 2022 and any public announcements made by the Group during the interim reporting period.

2 ACCOUNTING POLICIES

Changes in accounting policy and disclosures

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

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

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

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

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

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

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

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

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

3 REVENUE AND SEGMENT INFORMATION

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

	Unaudited	
	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Revenue		
Leasing of machinery and provision of related services	61,417	72,003
Sales of machinery and spare parts and provision of related services	5,592	18,776
Transportation services	–	1,634
Property management services	34,285	41,917
Property leasing, subletting and retail	27,496	3,042
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	128,790	137,372
	<hr/> <hr/>	<hr/> <hr/>

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, subletting and retail – Provision of property leasing, subletting and other retail businesses

Segment revenue and results

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

For the six months ended 30 September 2022

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

For the six months ended 30 September 2021

	Unaudited					Total HK\$'000
	Trading HK\$'000	Leasing HK\$'000	Transportation HK\$'000	Property Management HK\$'000	Property leasing, subletting and retail HK\$'000	
Revenue						
Segment revenue from external customers						
Timing of revenue recognition						
– At a point in time	18,776	–	1,634	–	–	20,410
– Over time	–	72,003	–	41,917	3,042	116,962
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Results						
Segment profit	<u>43</u>	<u>24,967</u>	<u>1,551</u>	<u>25,975</u>	<u>2,978</u>	<u>55,514</u>
Unallocated corporate income						4,733
Unallocated corporate expenses						<u>(10,295)</u>
Profit before tax						<u><u>49,952</u></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 2022

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

For the six months ended 30 September 2021

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

4 INCOME TAX EXPENSES

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

	Unaudited	
	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	–	2,247
– Mainland China taxes	6,191	8,746
Deferred income tax	–	587
	<hr/>	<hr/>
Income tax expenses	6,191	11,580
	<hr/> <hr/>	<hr/> <hr/>

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 2022 (six months ended 30 September 2021: 16.5%).

Mainland China Corporate Income Tax (“CIT”) has been provided at the rate of 25% (six months ended 30 September 2021: 25%) on the estimated assessable profits which are subject to CIT.

5 EXPENSES BY NATURE

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

	Unaudited	
	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Cost of machinery and equipment and spare parts sold	14,274	19,592
Cost of rent and management and office expenses	25,478	18,225
Staff costs, including directors’ emoluments	30,920	21,214
Leasing expense of machinery and equipment	1,524	5,143
Operating lease rental in respect of office and storage premises	22,913	3,332
Auditor’s remuneration	–	53
Legal and professional fee	1,139	1,319
Amortization on intangible assets	21	–
Depreciation		
– owned machinery and equipment	52,415	17,469
– machinery and equipment held under finance leases	–	1,706
Others	5,626	7,242
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Total cost of sales and services, selling and administrative expenses	154,309	95,295
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6 DIVIDENDS

The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 September 2022.

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	
	2022 HK\$'000	2021 HK\$'000
Profit/(loss) attributable to equity holders of the Company (HK\$'000)	<u>(29,446)</u>	<u>38,372</u>
Weighted average number of ordinary shares in issue (thousands)	<u>6,195,000</u>	<u>6,195,000</u>
Basic earnings/(loss) per share (HK cents)	<u>(0.47)</u>	<u>0.62</u>

(b) Diluted

Diluted earnings/(loss) per share is of the same amount as the basic earnings/(loss) per share as there were no potential dilutive ordinary share outstanding as at 30 September 2022 (30 September 2021: same).

8 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited 30 September 2022 HK\$'000	Audited 31 March 2022 HK\$'000
Trade receivables	91,215	186,103
Allowance for doubtful debts	<u>(4,104)</u>	<u>(6,854)</u>
	<u>87,111</u>	<u>179,249</u>
Deposits, prepayments and other receivables	73,595	64,461
Less: non-current portion	<u>(18,953)</u>	<u>(25,088)</u>
Current portion	<u>54,642</u>	<u>39,373</u>

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

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

	Unaudited 30 September 2022 <i>HK\$'000</i>	Audited 31 March 2022 <i>HK\$'000</i>
0 to 30 days	18,324	15,750
31 to 60 days	4,992	15,106
61 to 90 days	8,366	110,014
More than 90 days	59,533	45,233
	<u>91,215</u>	<u>186,103</u>

9 TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	Unaudited 30 September 2022 <i>HK\$'000</i>	Audited 31 March 2022 <i>HK\$'000</i>
Trade and bills payables	23,454	21,744
Accruals and other payables (<i>Note i</i>)	31,515	28,982
	<u>54,969</u>	<u>50,726</u>

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

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

	Unaudited 30 September 2022 <i>HK\$'000</i>	Audited 31 March 2022 <i>HK\$'000</i>
0 to 30 days	4,167	12,471
31 to 60 days	2,869	4,129
61 to 90 days	2,718	4,432
More than 90 days	13,700	712
	<u>23,454</u>	<u>21,744</u>

10 FINANCIAL ASSETS AT FVPL

	Unaudited	Audited
	30 September	31 March
	2022	2022
	HK\$'000	HK\$'000
Equity securities, at fair value listed in Hong Kong	54,825	54,660
Derivative financial instruments call options	16,135	16,136
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	70,960	70,796
	<hr/> <hr/>	<hr/> <hr/>

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND MARKET PROSPECT

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

During the six months ended 30 September 2022 (the “**Period**”), the overall market conditions in Hong Kong and the PRC were challenging as affected by the higher interest rate environment, COVID and geo-political tensions. The Group will continue to employ low leverage to weather these difficult conditions. The Board believes that the long-term prospect of the Greater Bay Area will continue to be positive driven by robust demand from a sizable population and friendly policies from the government.

FINANCIAL REVIEW

Revenue

Our total revenue decreased by approximately HK\$8.6 million, or approximately 6.2%, from approximately HK\$137.4 million for the six months ended 30 September 2021 (the “**Previous Period**”) to approximately HK\$128.8 million for the Period. Such decrease was mainly due to lower revenue in the leasing, trading and property management businesses which was partially offset by the increase in retail business income.

Leasing of Construction Machinery

Our Group’s revenue generated from leasing of construction machinery recorded a decrease by approximately HK\$10.6 million, or approximately 14.7%, from approximately HK\$72.0 million for the Previous Period to approximately HK\$61.4 million for the Period. Such decrease was mainly due to lower machinery leasing income from the PRC as a result of lower construction activities during the Period.

Trading of Construction Machinery

Our Group’s revenue generated from trading of construction machinery recorded a decrease by approximately HK\$13.2 million, or approximately 70.2%, from approximately HK\$18.8 million for the Previous Period to approximately HK\$5.6 million for the Period. Such decrease was mainly due to adverse market condition in Hong Kong.

Transportation Services

Our Group terminated the transportation services segment during the year ended 31 March 2022 so our Group did not record any revenue from the transportation services business during the Period. The revenue from the transportation services in the Previous Period was HK\$1.6 million.

Property Management Services

Our Group's revenue generated from property management services decreased by approximately HK\$7.6 million, or 18.2%, from approximately HK\$41.9 million for the Previous Period to approximately HK\$34.3 for the Period. The decrease was mainly due to the provision of management fee concessions to certain tenants as a result of poor retail market in the PRC from COVID related lock-downs, which temporarily prevented certain tenants from operating.

Property Leasing, Subletting and Retail

Our Group's revenue generated from property leasing and subletting increased by approximately HK\$24.5 million, or 804%, from approximately HK\$3.0 million for the Previous Period to approximately HK\$27.5 for the Period. The increase was mainly due to the acquisition of a retail business during the year ended 31 March 2022.

Cost of Sales and Services

Our Group's cost of sales and services amounted to approximately HK\$111.6 million for the Period (Previous Period: approximately HK\$78.8 million), representing an increase of approximately 41.6%. Cost of sales and services mainly comprised of costs of machinery and equipment and spare parts, rental cost, staff costs and depreciation.

The increase in cost of sales and services was due to increase in one-off depreciation expenses of old leasing machineries which did not meet recently updated environmental standards.

Gross Profit and Gross Profit Margin

Our Group's gross profit recorded HK\$17.2 million for the Period, compared to HK\$58.6 million for the Previous Period. Our gross profit margin decreased to approximately 13.3% for the Period from approximately 42.6% for the Previous Period. The decrease in gross profit margin was mainly attributable to poor market conditions and higher cost of sales as explained above.

Other Income and Gains

Our Group's other income and gains decreased by approximately HK\$1.9 million, or 45.2%, from gain of approximately HK\$4.2 million for the Previous Period to gain of approximately HK\$2.3 million for the Period. The decrease in other income and gains was mainly attributable to losses as a result of the provision of one-off rent concessions in our rental management business due to poor market environment arising from COVID related lock-downs in the PRC.

Selling Expenses

Our Group's selling expenses increased by approximately HK\$1.6 million, or approximately 111%, from approximately HK\$1.5 million for the Previous Period to approximately HK\$3.2 million for the Period, mainly due to the increase in staff salaries and allowances in the selling department.

Administrative Expenses

Our Group's administrative expenses increased by approximately HK\$24.5 million, or 164%, from approximately HK\$15.0 million for the Previous Period to approximately HK\$39.5 million for the Period. The increase was mainly due to higher depreciation expenses from obsolete leasing machineries as explained above, and operating lease rental expenses from the acquisition of the retail business during the year ended 31 March 2022.

Finance Income

Our Group's finance income increased by approximately HK\$2.2 million or 116% from approximately HK\$1.9 million for the Previous Period to approximately HK\$4.0 million for the Period, which was mainly attributable to the interest income generated from certain trade receivables.

Finance Costs

Our Group's finance costs increased by approximately HK\$0.5 million, or 88.1%, from approximately HK\$0.6 million for the Previous Period to approximately HK\$1.1 million for the Period. The increase in finance costs was mainly due to a higher percentage of borrowings obtained in the PRC which carried higher interest costs.

Income Tax Expense and Effective Tax Rate

Our Group's income tax expense decreased by approximately HK\$5.3 million, or approximately 46.5%, from approximately HK\$11.6 million for the Previous Period to approximately HK\$6.2 million for the Period, which was mainly attributable to the loss making position of our Hong Kong subsidiaries for the Period.

Our Group's effective tax rate calculation was not applicable during the Period as the Group incurred a loss before tax. The effective tax rate for the Previous Period was 23.2%.

Net Profit and Net Profit Margin

Our Group turned from net profit of HK\$38.4 million in the Previous Period to net loss of HK\$29.4 million for the Period for the reasons described above. As a result, the net profit margin calculation was not applicable during the Period. The net profit margin for the Previous Period was 27.9%.

LIQUIDITY AND FINANCIAL RESOURCES REVIEW

The Group financed its operations through a combination of cash flow from operations and borrowings. As at 30 September 2022, the Group had cash and cash equivalents of approximately HK\$41.4 million (31 March 2022: approximately HK\$44.8 million) which were mainly denominated in HK\$ and RMB, and had borrowings of approximately HK\$28.4 million (31 March 2022: approximately HK\$32.7 million) that were mainly denominated in HK\$ and RMB.

Gearing ratio is calculated as net debt divided by total equity at the end of the reporting period. Net debt is calculated as total borrowings and total obligations under finance leases less cash and cash equivalents and restricted cash. At 30 September 2022, the gearing ratio was not applicable due to the net cash position (2021: Same).

As at 30 September 2022, our Group's total current assets and current liabilities were approximately HK\$273.2 million (31 March 2022: approximately HK\$368.3 million) and approximately HK\$70.7 million (31 March 2022: approximately HK\$76.5 million), respectively. Our Group's current ratio decreased to approximately 3.9 times as at 30 September 2022 (31 March 2022: 4.8 times). The current ratio decreased mainly due to the deployment of cash to acquisition of non-current assets during the Period.

PLEDGE OF ASSETS

As at 30 September 2022, our borrowings and obligations under finance leases were secured by property, plant and equipment with net carrying amount of approximately HK\$16.5 million (31 March 2022: approximately HK\$42.2 million).

CAPITAL STRUCTURE

As at 30 September 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 Period settled by cash was approximately HK\$30.1 million (31 March 2022: approximately HK\$25.0 million), which was mainly used in purchase of property, plant and equipment for property management services and purchase of machinery for our leasing business.

CURRENCY RISK

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

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

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at the end of the reporting period (31 March 2022: nil).

CAPITAL COMMITMENTS

Our capital commitments consist primarily of purchase of construction machinery for leasing purpose. As at 30 September 2022, there were approximately HK\$8.2 million (31 March 2022: HK\$1.3 million) capital commitments of machinery and equipment contracted but not provided for.

OTHER DISCLOSURE

Save as disclosed in this interim results announcement, since the publication of the 2022 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 2022, our Group had 498 staff (31 March 2022: 416). The total staff costs incurred by our Group for the Period were approximately HK\$30.9 million (Previous Period: approximately HK\$21.2 million).

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

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

On 8 September 2022, the Group entered into an assignment agreement under which the Group as assignee shall, at the cash consideration of RMB65,000,000 (equivalent to approximately HK\$74,100,000), accept the assignment of all the assignor's rights, titles and interests in a loan with outstanding principal amount of RMB80,000,000 (equivalent to approximately HK\$91,200,000) secured by, among others, two temporary use rights (待用證) for commercial use purpose located in Shenzhen, PRC. Details of this transaction were disclosed in the Company's announcements published on 8 and 28 September 2022 respectively.

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

INTERIM DIVIDEND

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE PRACTICES

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

AUDIT COMMITTEE

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

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

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

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

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

Hong Kong, 30 November 2022

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Xu Chujia, Mr. Kwan Kin Man Keith 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.