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CHINA ALL NATION INTERNATIONAL HOLDINGS GROUP LIMITED

中國全民國際控股集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8170)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 JULY 2022

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of China All Nation International Holdings Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 JULY 2022

For the year ended 31 July 2022:

- (1) the Group's total revenue has decreased by 26.3% to approximately HK\$123.0 million (2021: approximately HK\$166.9 million) which was mainly due to:
 - (i) decrease in revenue of the Group's interior design and decoration business by 73.5% to approximately HK\$15.2 million (2021: approximately HK\$57.4 million);
 - (ii) increase in revenue of the Group's property sub-leasing and management business in the PRC by 5.5% to approximately HK\$101.6 million (2021: approximately HK\$96.4 million); and
 - (iii) increase in revenue of the Group's commodity trading business in the PRC to approximately HK\$5.5 million (2021: approximately HK\$4.9 million).
- (2) gross profit of the Group has decreased by 14.5% to approximately HK\$43.9 million (2021: approximately HK\$51.3 million)
- (3) gross profit margin remained steady at 35.7% (2021: 30.8%)
- (4) the business of the Group recorded a profit after tax of approximately HK\$4.2 million for the year ended 31 July 2022, which represented a decrease of 75.3%, as compared to a profit after tax of approximately HK\$17.0 million for the year ended 31 July 2021
- (5) the Company recorded a profit attributable to the owners of the Company of approximately HK\$4.2 million for the year ended 31 July 2022 as compared to a profit attributable to the owners of the Company in the amount of approximately HK\$17.1 million for the year ended 31 July 2021
- (6) basic and diluted earnings per share based on weighted average number of ordinary shares was approximately HK1.02 cents (2021: earning per share of approximately HK4.15 cents)

The Board did not recommend the payment of a final dividend for the year ended 31 July 2022 (2021: Nil).

ANNUAL RESULTS FOR THE YEAR ENDED 31 JULY 2022

The Board (the “**Board**”) of Directors of 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 July 2022 together with the comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 July 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	123,004	166,860
Cost of services		(79,083)	(115,519)
Gross profit		43,921	51,341
Other income and gains	5	7,447	8,577
Administrative and other operating expenses (Provision for)/reversal of impairment losses on trade receivables, contract assets and financial lease receivables, net		(19,079)	(18,018)
Finance costs		(8,989)	164
		(14,057)	(17,344)
Profit before income tax	6	9,243	24,720
Income tax expense	7	(5,041)	(7,675)
Profit for the year		4,202	17,045
Other comprehensive (loss)/income for the year, net of income tax			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operation		(3,291)	6,607
Total comprehensive income for the year		911	23,652

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the year ended 31 July 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit/(loss) for the year attributable to:			
Owners of the Company		4,202	17,050
Non-controlling interests		—	(5)
		<u>4,202</u>	<u>17,045</u>
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		911	23,657
Non-controlling interests		—	(5)
		<u>911</u>	<u>23,652</u>
Earnings per share attributable to owners of the Company			
Basic and diluted (<i>HK cents</i>)	8	<u>1.02</u>	<u>4.15</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	10	173	776
Investment properties		27,150	58,306
Right-of-use assets		1,142	249
Finance lease receivables		35,636	58,628
Goodwill		230	230
Deposits paid	12	<u>16,479</u>	<u>12,422</u>
		80,810	130,611
Current assets			
Trade receivables	11	17,522	15,626
Contract assets	11	–	8,685
Finance lease receivables		50,505	51,878
Prepayments, deposits paid and other receivables	12	48,332	24,957
Cash and cash equivalents	13	<u>59,296</u>	<u>112,830</u>
		175,655	213,976
Current liabilities			
Trade and other payables, deposits received and accruals	14	29,963	38,798
Loan from a shareholder		–	14,600
Lease liabilities		47,661	68,630
Tax payable		<u>1,452</u>	<u>4,278</u>
		79,076	126,306
Net current assets		96,579	87,670
Total assets less current liabilities		177,389	218,281

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities			
Deposits received	14	9,339	10,924
Deferred tax liabilities		628	2,123
Lease liabilities		<u>44,221</u>	<u>82,944</u>
		<u>54,188</u>	<u>95,991</u>
Net assets		<u>123,201</u>	<u>122,290</u>
Equity			
Share capital	15	4,112	4,112
Reserves		<u>119,089</u>	<u>118,178</u>
Total equity		<u>123,201</u>	<u>122,290</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2022

	Attributable to owners of the Company				Non- controlling interests	Total equity
	Share capital	Share premium	Other reserves	Sub-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>
At 1 August 2020	<u>4,112</u>	<u>24,394</u>	<u>70,127</u>	<u>98,633</u>	<u>(750)</u>	<u>97,883</u>
Profit/(loss) for the year	–	–	17,050	17,050	(5)	17,045
Other comprehensive income for the year						
Exchange differences on translation of financial statements of foreign operation	<u>–</u>	<u>–</u>	<u>6,607</u>	<u>6,607</u>	<u>–</u>	<u>6,607</u>
Total comprehensive income/(loss) for the year	<u>–</u>	<u>–</u>	<u>23,657</u>	<u>23,657</u>	<u>(5)</u>	<u>23,652</u>
Disposal of a subsidiary (<i>Note 16</i>)	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>755</u>	<u>755</u>
At 31 July 2021 and 1 August 2021	<u>4,112</u>	<u>24,394</u>	<u>93,784</u>	<u>122,290</u>	<u>–</u>	<u>122,290</u>
Profit for the year	–	–	4,202	4,202	–	4,202
Other comprehensive loss for the year						
Exchange differences on translation of financial statements of foreign operation	<u>–</u>	<u>–</u>	<u>(3,291)</u>	<u>(3,291)</u>	<u>–</u>	<u>(3,291)</u>
Total comprehensive income for the year	<u>–</u>	<u>–</u>	<u>911</u>	<u>911</u>	<u>–</u>	<u>911</u>
At 31 July 2022	<u><u>4,112</u></u>	<u><u>24,394</u></u>	<u><u>94,695</u></u>	<u><u>123,201</u></u>	<u><u>–</u></u>	<u><u>123,201</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's shares are listed on GEM of the Stock Exchange.

The registered office address of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company's principal place of business in Hong Kong is Unit 2918, 29/F., Shui On Centre, No. 6-8 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of project management, civil engineering consulting and contracting services in Hong Kong, property sub-leasing and management business in the People's Republic of China (the "PRC"), interior design services and decoration works in both Hong Kong and the PRC, and commodity trading business in the PRC.

These consolidated financial statements were approved and authorised for issue by the Board on 21 October 2022.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

2. BASIS OF PREPARATION – *continued*

2.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 July 2022 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis. The functional currency of the Company, the investment holding subsidiary incorporated in the British Virgin Islands (the “BVI”) and subsidiaries incorporated in Hong Kong are Hong Kong dollars (“HK\$”) and subsidiaries established in the PRC have their functional currency in Renminbi (“RMB”). The consolidated financial statements have been presented in HK\$ as the Directors consider that it is more appropriate to adopt HK\$ as the Group’s and the Company’s presentation currency. All values are rounded to the nearest thousand except when otherwise indicated.

The preparation of the 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.

3. ADOPTION OF NEW OR AMENDMENTS TO HKFRSs

Adoption of amendments to HKFRSs

In the current year, the Group has adopted for the first time the following amendments to HKFRSs issued by the HKICPA, which are relevant and mandatorily effective for the Group’s consolidated financial statements for the accounting period beginning on or after 1 August 2021.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
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The adoption of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial position and performance for the current and prior periods and/or the disclosures set out in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

3. ADOPTION OF NEW OR AMENDMENTS TO HKFRSs – *continued*

New or amendments to HKFRSs not yet effective

The following are new or amendments to HKFRSs that have been published and are mandatory for the Group's accounting periods beginning after 1 August 2022, but have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*
Amendments to HKFRS 3 (Revised)	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020	1 January 2022
Amendments to AG 5 (Revised)	Merger Accounting for Common Control Combination	1 January 2022
HKFRS 17	Insurance Contracts and related amendments	1 January 2023
Amendments to HKAS 1 (Revised)	Classification of Liabilities as Current or Non-current and related amendments to HK Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 1 (Revised) and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

* On 6 January 2016, the HKICPA issued “Effective Date of Amendments to HKFRS 10 and HKAS 28” following the International Accounting Standards Board’s equivalent amendments. This update defers/removes the effective date of the amendments in “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” that the HKICPA issued on 7 October 2014. Early application of these amendments continues to be permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

3. ADOPTION OF NEW OR AMENDMENTS TO HKFRSs – *continued*

New or amendments to HKFRSs not yet effective – *continued*

The Group has already commenced an assessment of the related impact of adopting the above new or amendments to HKFRSs. So far, it has concluded that the above new or amendments to HKFRSs will be applied at the respective effective dates and the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

4. REVENUE AND SEGMENT INFORMATION

The Group derives its revenue from the transfer of goods and services in the following major service lines. This is consistent with the revenue information that is disclosed for each reportable segment under HKFRS 8 *Operating Segment*.

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from property sub-leasing:		
Gross rental income	59,055	64,475
Finance income on finance lease receivables	9,696	8,869
Net income from sub-leasing right-of-use assets	21,003	10,938
Revenue from contracts with customers within the scope of HKFRS 15, types of goods or services:		
Contracting	700	8,200
Interior design and decoration work	15,205	57,423
Property management fee income and value-adding services	11,881	12,094
Commission income from commodity trading	5,464	4,861
	<u>123,004</u>	<u>166,860</u>

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracting, interior design and decoration works and property management fee and value-adding services contracts that regarding the performance obligation that has an original expected duration of one year or less, the Group does not make disclosure in accordance with paragraph 120 of HKFRS 15, that is the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period and an explanation of when the Group expects to recognise as revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

4. REVENUE AND SEGMENT INFORMATION – *continued*

Segment reporting

The management of the Company has determined the operating segments based on the reports reviewed by the Directors, the chief operating decision-maker (the “CODM”), that are used to make strategic decisions. The Directors consider the business from a product/service perspective. The Group’s operating and reportable segments are analysed as follows:

Contracting: Provision of undertaking general building works as contractor in Hong Kong.

Interior design and decoration work: Provision of interior design services and decoration works in Hong Kong and the PRC.

Property sub-leasing and management service: The sub-leasing of properties and provision of property management and value-adding services in the PRC.

Commodity trading: Provision of arrangement services in trading of non-ferrous metals in the PRC.

No operating segments have been aggregated to form the above reportable segments.

Segment revenue is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

The Directors assess the performance of the operating segments based on a measure of segment results. Unallocated corporate expenses, income tax expenses and other major items that are isolated and non-recurring in nature are not included in segment results.

Segment assets mainly consist of current assets and non-current assets as disclosed in the consolidated statement of financial position except cash and cash equivalents, unallocated property, plant and equipment, unallocated right-of-use assets and unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities mainly consist of current liabilities as disclosed in the consolidated statement of financial position except unallocated corporate liabilities, unallocated lease liabilities, tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

4. REVENUE AND SEGMENT INFORMATION – *continued*

Segment reporting – *continued*

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance is set out below:

	Contracting <i>HK\$'000</i>	Interior design and decoration work <i>HK\$'000</i>	Property sub- leasing and management service <i>HK\$'000</i>	Commodity trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 July 2022					
Revenue from external customers and disaggregated by timing of revenue recognition					
Over time	700	15,205	101,635	–	117,540
Point in time	–	–	–	5,464	5,464
	<u>700</u>	<u>15,205</u>	<u>101,635</u>	<u>5,464</u>	<u>123,004</u>
Reportable segment (loss)/profit	<u>(30)</u>	<u>1,038</u>	<u>14,517</u>	<u>3,228</u>	<u>18,753</u>
Unallocated corporate income					399
Unallocated corporate expenses					(9,909)
Profit before income tax					9,243
Income tax expense					(5,041)
Profit for the year					<u>4,202</u>
Included in segment results are:					
Unwinding of imputed interest on shareholder's loan	–	–	400	–	400
Depreciation of investment properties	–	–	34,338	–	34,338
Depreciation of property, plant and equipment	–	23	378	3	404
(Reversal of)/provision for impairment loss on trade receivables, contract assets and finance lease receivables, net	(9)	658	8,340	–	8,989
	<u>(9)</u>	<u>658</u>	<u>8,340</u>	<u>–</u>	<u>8,989</u>
At 31 July 2022					
Segment assets	2	10,400	159,248	24,669	194,319
Cash and cash equivalents					59,296
Unallocated assets					2,850
Consolidated total assets					<u>256,465</u>
Included in segment assets are:					
Additions to non-current assets	–	–	30,765	11	30,776
	<u>–</u>	<u>–</u>	<u>30,765</u>	<u>11</u>	<u>30,776</u>
Segment liabilities	–	5,525	118,946	53	124,524
Tax payable					1,452
Deferred tax liabilities					628
Unallocated liabilities					6,660
Consolidated total liabilities					<u>133,264</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

4. REVENUE AND SEGMENT INFORMATION – continued

Segment reporting – continued

	Contracting HK\$'000	Interior design and decoration work HK\$'000	Property sub- leasing and management service HK\$'000	Commodity trading HK\$'000	Total HK\$'000
Year ended 31 July 2021					
Revenue from external customers and disaggregated by timing of revenue recognition					
Over time	8,200	57,423	96,376	–	161,999
Point in time	–	–	–	4,861	4,861
	<u>8,200</u>	<u>57,423</u>	<u>96,376</u>	<u>4,861</u>	<u>166,860</u>
Reportable segment profit	<u>787</u>	<u>10,195</u>	<u>18,615</u>	<u>3,974</u>	<u>33,571</u>
Unallocated corporate income					2,175
Unallocated corporate expenses					(11,026)
Profit before income tax					24,720
Income tax expense					(7,675)
Profit for the year					<u>17,045</u>
Included in segment results are:					
Unwinding of imputed interest on shareholder's loan	–	–	1,477	–	1,477
Depreciation of investment properties	–	–	43,824	–	43,824
Depreciation of property, plant and equipment	–	2	750	1	753
Reversal of impairment loss trade receivables, contract assets and finance lease receivables, net	(7)	(72)	(85)	–	(164)
	<u>(7)</u>	<u>(72)</u>	<u>(85)</u>	<u>–</u>	<u>(164)</u>
At 31 July 2021					
Segment assets	2,849	19,124	200,617	86	222,676
Cash and cash equivalents					112,830
Unallocated assets					9,081
Consolidated total assets					<u>344,587</u>
Included in segment assets are:					
Additions to non-current assets	–	–	1,386	13	1,399
	<u>–</u>	<u>–</u>	<u>1,386</u>	<u>13</u>	<u>1,399</u>
Segment liabilities	–	16,267	197,139	1,134	214,540
Tax payable					4,278
Deferred tax liabilities					2,123
Unallocated liabilities					1,356
Consolidated total liabilities					<u>222,297</u>

Note: There is no inter-segment revenue for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

4. REVENUE AND SEGMENT INFORMATION – *continued*

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, investment properties, right-of-use assets, non-current finance lease receivables, goodwill and deposits paid ("**specified non-current assets**"). The geographical location of revenue from customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset.

	Revenue		Non-current assets	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	3,274	30,630	7,337	321
The PRC	119,730	136,230	73,473	130,290
	<u>123,004</u>	<u>166,860</u>	<u>80,810</u>	<u>130,611</u>

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A ¹	34,318	48,503
Customer B	<u>N/A²</u>	<u>21,452</u>

¹ Revenue from property sub-leasing services and interior design and decoration work services.

² The customer contributed less than 10% of the total revenue for the year ended 31 July 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

5. OTHER INCOME AND GAINS

	2022	2021
	HK\$'000	HK\$'000
Bank interest income	684	1,328
Gain on disposal of a subsidiary (<i>Note 16</i>)	–	1,296
Gain on derecognition upon termination of lease of investment properties and lease liabilities, net	3,262	408
Gain on lease modification	–	839
Rent concessions (<i>Note (a)</i>)	2,641	3,141
Government grant (<i>Note (b)</i>)	94	432
Tax relief on value-added tax (<i>Note (c)</i>)	722	1,057
Others	44	76
	<u>7,447</u>	<u>8,577</u>

Notes:

- (a) The amount represents concession rental from the landlords in relation to the compensation of lockdown of the PRC cities due to COVID-19 pandemic for the years ended 31 July 2022 and 2021. The concession does not constitute to the lease modification by applying practical expedient that meets the conditions in paragraph 46B of HKFRS 16.
- (b) The government grants recognised for the years ended 31 July 2022 and 2021 were the approved subsidies from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme as promulgated by the Government of the Hong Kong Special Administrative Region of the PRC. As at 31 July 2022, there are no unfulfilled conditions or other contingencies attached to these grants.
- (c) Following the announcements issued by the China's State Council concerning the value-added tax ("VAT"), the PRC government has announced that for the period from 1 April 2019 to 31 December 2021, the taxpayers in specified industries are eligible for a 10% "Super deduction" by increasing their input VAT credits by 10%. Such changes were applied to several sectors including leasing industry, and the Group has an unconditional right to the above deduction when the application is approved by the relevant authorities. The PRC government further extended this policy to 31 December 2022 according to the announcement made in March 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration		
– Audit services	830	860
– Non-audit services (<i>Note</i>)	120	516
	<u>950</u>	<u>1,376</u>
Depreciation of property, plant and equipment* (<i>Note 10</i>)	404	789
Depreciation of investment properties	34,338	43,824
Depreciation of right-of-use assets	849	880
Direct operating expenses (including repairs and maintenance, depreciation of investment properties and depreciation of leasehold improvements) arising on rental-earning subleasing business	49,552	57,687
Loss on disposal of property, plant and equipment	203	–
Loss on lease modification	606	–
Sub-contracting costs recognised as an expense	9,587	50,710
Loss on derecognition upon termination of leases of finance lease receivables and lease liabilities, net	14,910	4,324
Expenses relating to short-term leases [#]	8,419	5,771
Employee benefits expense (including directors' emoluments ^{**}):		
– Salaries and allowances	9,222	9,072
– Retirement benefit scheme contributions (defined contribution scheme)	807	530
Other expenses ^{##}	<u>–</u>	<u>419</u>

* Depreciation of property, plant and equipment of approximately HK\$370,000 (2021: approximately HK\$744,000) and approximately HK\$34,000 (2021: approximately HK\$45,000) has been included in cost of services and administrative and other operating expenses respectively.

** Employee benefits expense (including directors' emolument) of approximately HK\$833,000 (2021: approximately HK\$721,000) and approximately HK\$9,196,000 (2021: approximately HK\$8,881,000) has been included in cost of services and administrative and other operating expenses respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

6. PROFIT BEFORE INCOME TAX – *continued*

Expenses relating to short-term leases of approximately HK\$8,383,000 (2021: HK\$5,750,000) and approximately HK\$36,000 (2021: HK\$21,000) has been included in cost of services and administrative and other expenses respectively.

Other expenses relate to expenses of the Group not incurred in the ordinary and usual course of business of the Group which include professional fees incurred by the Group in maintaining the listing status of the Company.

Note:

Non-audit services for the year ended 31 July 2022 represented services provided by the Company's auditor for agreed-upon procedures regarding the Group's interim result.

Non-audit services for the year ended 31 July 2021 represented services provided by the Company's auditor for review engagement and agreed-upon procedures regarding the Group's interim result and quarter results announcements, respectively.

7. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

No Hong Kong Profits Tax has been provided for the year in the consolidated financial statements as the Group has incurred losses in Hong Kong for the current year (2021: tax losses brought forward from previous years).

The PRC Enterprise Income Tax (the "EIT") is calculated at the rate of 25% prevailing in the PRC jurisdiction for the year ended 31 July 2022 (2021: 25%).

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax – the PRC EIT		
Charge for the year	6,325	8,619
Under/(over)-provision in respect of prior years	1	(612)
Deferred tax	<u>(1,285)</u>	<u>(332)</u>
Income tax expense	<u><u>5,041</u></u>	<u><u>7,675</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

7. INCOME TAX EXPENSE – *continued*

The income tax expense for the year are reconciled from the profit before income tax as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit before income tax	<u>9,243</u>	<u>24,720</u>
Tax at the applicable rates in the tax jurisdictions concerned	3,184	6,971
Tax effect of income not taxable for tax purposes	(18)	(341)
Tax effect of expenses not deductible for tax purpose	1,408	1,973
Tax effect of deductible temporary differences not recognised	103	2
Utilisation of previously unrecognised tax losses	–	(75)
Tax effect of tax losses not recognised	431	–
Tax effect of tax concession	(68)	(243)
Under/(over)-provision in respect of prior years	<u>1</u>	<u>(612)</u>
Income tax expense	<u>5,041</u>	<u>7,675</u>

At the end of the reporting period, the Group had unused tax losses of approximately HK\$4,870,000 (2021: HK\$3,610,000) available to offset against future profit sourced in Hong Kong. Such used tax losses are subject to the approval of the Hong Kong Inland Revenue Department and may be carried forward indefinitely.

Also, at the end of the reporting period, the Group had unused tax losses of approximately RMB743,000 (equivalent to approximately HK\$894,000) (2021:Nil) available to offset against future profit sourced in the PRC. Such unused tax losses are subject to the approval of the PRC tax authorities and can be carried forward for five years when the corresponding loss was incurred.

No deferred tax asset has been recognised due to the unpredictability of future profit streams.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

8. EARNINGS PER SHARE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit attributable to owners of the Company	<u>4,202</u>	<u>17,050</u>
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares in issue for the purpose of basic and diluted earnings per share	<u>411,200</u>	<u>411,200</u>

There were no dilutive potential ordinary shares during the year ended 31 July 2022 (2021: Nil) and therefore, the amount of diluted earnings per share is same as the amount of basic earnings per share.

9. DIVIDENDS

No interim dividend was declared for the year (2021: Nil).

The Board did not recommend a payment of final dividend for the year ended 31 July 2022 (2021: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost			
At 1 August 2020	2,460	2,020	4,480
Additions	147	13	160
Exchange realignment	201	86	287
	<u>2,808</u>	<u>2,119</u>	<u>4,927</u>
At 31 July 2021 and 1 August 2021	2,808	2,119	4,927
Additions	–	11	11
Disposal	–	(863)	(863)
Written-off	–	(418)	(418)
Exchange realignment	(84)	(7)	(91)
	<u>(84)</u>	<u>(7)</u>	<u>(91)</u>
At 31 July 2022	<u>2,724</u>	<u>842</u>	<u>3,566</u>
Accumulated depreciation			
At 1 August 2020	1,794	1,372	3,166
Charge for the year (<i>Note 6</i>)	503	286	789
Exchange realignment	150	46	196
	<u>150</u>	<u>46</u>	<u>196</u>
At 31 July 2021 and 1 August 2021	2,447	1,704	4,151
Charge for the year (<i>Note 6</i>)	264	140	404
Disposal	–	(657)	(657)
Written-off	–	(418)	(418)
Exchange realignment	(82)	(5)	(87)
	<u>(82)</u>	<u>(5)</u>	<u>(87)</u>
At 31 July 2022	<u>2,629</u>	<u>764</u>	<u>3,393</u>
Net carrying amount			
At 31 July 2022	<u>95</u>	<u>78</u>	<u>173</u>
At 31 July 2021	<u>361</u>	<u>415</u>	<u>776</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

11. TRADE RECEIVABLES AND CONTRACT ASSETS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables, gross	18,626	15,732
Less: Allowance for credit losses	<u>(1,104)</u>	<u>(106)</u>
Trade receivables, net (<i>Note (a)</i>)	<u>17,522</u>	<u>15,626</u>
Contract assets, gross	–	8,694
Less: Allowance for credit losses	<u>–</u>	<u>(9)</u>
Contract assets, net (<i>Note (b)</i>)	<u>–</u>	<u>8,685</u>
Total	<u><u>17,522</u></u>	<u><u>24,311</u></u>

Notes:

(a) Trade receivables

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Represented by:		
Property sub-leasing and management service	10,079	3,474
Contracting	2	2,890
Interior design and decoration work	<u>7,441</u>	<u>9,262</u>
	<u><u>17,522</u></u>	<u><u>15,626</u></u>

Normally 90 days of credit period is granted to certain customers under Hong Kong business and no credit period is granted to the customers under the PRC business (2021: Same).

The ageing analysis of trade receivables, net of loss allowance, based on invoice date, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
1–30 days	8,288	13,604
31–60 days	1,680	200
61–90 days	2,339	–
91–365 days	3,721	1,822
Over 365 days	<u>1,494</u>	<u>–</u>
	<u><u>17,522</u></u>	<u><u>15,626</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

11. TRADE RECEIVABLES AND CONTRACT ASSETS – *continued*

Notes: – continued

(a) Trade receivables – *continued*

The ageing analysis of these receivables, net of loss allowance, based on due date, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Not yet past due	4,919	2,789
Past due for less than 1 month	3,369	12,637
Past due for more than 1 month but less than 2 months	1,680	200
Past due for more than 2 months but less than 3 months	2,339	–
Past due for more than 3 months but less than 1 year	3,721	–
Past due for more than 1 year	1,494	–
	<u>17,522</u>	<u>15,626</u>

As at 31 July 2022, trade receivables with aggregate carrying amount of approximately HK\$12,603,000 (2021: approximately HK\$12,837,000) were past due. Out of the past due balances, HK\$5,215,000 (2021: none) has been past due over 90 days. The past due balances over 90 days for the year ended 31 July 2022 is not considered as in default due to long and on-going business relationship, good repayment record and good credit quality from these customers. As at 31 July 2022, the Group held the deposits received amounted to approximately HK\$5,073,000 (2021: HK\$2,043,000) in respect of trade receivables of rental income from the lessees.

(b) Contract assets

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Retention sum for contract works (<i>Note (i)</i>)	–	739
Unbilled revenue of contracts (<i>Note (ii)</i>)	–	7,946
	<u>–</u>	<u>8,685</u>
Represented by:		
Interior design and decoration work	<u>–</u>	<u>8,685</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

11. TRADE RECEIVABLES AND CONTRACT ASSETS – *continued*

Notes: – continued

(b) Contract assets – *continued*

Notes:

- (i) Certain percentage of the progress settlement are withheld by the customer, which was subject to a maximum amount calculated as the prescribed percentage of the contract sum. Retention sum for contract works was settled in accordance with the terms of the respective contracts. Retention money was included in contract assets until the end of the retention period as the Group's entitlement to final payment after passing inspection at the completion of the contract works. The relevant amount of contract assets was unsecured and interest-free and reclassified to trade receivables when the final inspection passed.
- (ii) A contract asset, net of contract liability related to the same contract, is recognised over the period in which the services are performed, representing the Group's rights to consideration for work completed to-date and not billed because the rights are conditional upon achieving the agreed milestones in the contract by the Group and the work is pending for the certification by the customers. The contract assets are transferred to trade receivables when the rights become unconditional, at which time the amounts become billable to the customer. The Group typically transfer contract assets to trade receivables upon achieving the agreed milestones in the contracts.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
As at 1 August, gross	7,955	20,223
Decrease in contract assets as a result of reclassification to trade receivables	(9,017)	(31,468)
Increase in contract assets as attributable to performance obligations satisfied during the year	<u>1,062</u>	<u>19,200</u>
As at 31 July, gross	–	7,955
Less: Allowance for credit losses	<u>–</u>	<u>(9)</u>
As at 31 July, net	<u>–</u>	<u>7,946</u>

In the consolidated statement of financial position, these contract assets were classified as current assets as the Group expects to realise them in its normal operating cycle.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

12. PREPAYMENTS, DEPOSITS PAID AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current		
Prepayments (<i>Note (a)</i>)	35,309	4,526
Deposits paid (<i>Note (c)</i>)	11,720	13,830
Other receivables (<i>Note (b)</i>)	1,303	6,601
	<u>48,332</u>	<u>24,957</u>
Non-current		
Deposits paid (<i>Note (c)</i>)	16,479	12,422
	<u>16,479</u>	<u>12,422</u>
Total	<u><u>64,811</u></u>	<u><u>37,379</u></u>

Notes:

- (a) At 31 July 2022, balance includes an amount of approximately HK\$7,603,000 (2021: approximately HK\$1,998,000) which relates to prepaid rentals to certain landlords for leasing of commercial properties in relation to the operating of property sub-leasing business and an amount of approximately HK\$24,626,000 (2021: approximately HK\$44,000) which relates to prepayment to supplier in relation to the operating of commodity trading in the PRC.

At 31 July 2022, balance also includes an amount of approximately HK\$3,080,000 (2021: approximately HK\$583,000) which relates to prepaid costs to certain sub-contractors in relation to the contracts for contracting and interior design and decoration works entered into by the Group, which would be utilised as sub-contracting costs incurred within the next financial year.

- (b) As at 31 July 2021, balance amounting to approximately HK\$5,395,000 was due from the 深圳深南裝飾工程有限公司 (Shenzhen Shennan Decoration Engineering Co., Ltd.*) (the “**Buyer**”) which was arisen from the disposal of New Brio Engineering Limited (“**NBE**”) by the Group (Note 16). The amount was non-interest bearing and no fixed repayment terms. The Directors considered that the ECL was minimal as at 31 July 2021 as the credit risk of the Buyer is considered as low by referring to its financial position. During the year ended 31 July 2022, the balance has been fully settled.
- (c) The deposits mainly represent the rental deposits paid to the lessors under the business segment of property sub-leasing. The deposits are refundable to the Group at the end of the lease terms.

* For identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

13. CASH AND CASH EQUIVALENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cash at banks	54,580	49,188
Bank deposits	4,656	63,633
Cash on hand	60	9
	<hr/>	<hr/>
Cash and cash equivalents	59,296	112,830
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
HK\$	24,134	37,813
RMB	35,162	75,017
	<hr/>	<hr/>
	59,296	112,830
	<hr/> <hr/>	<hr/> <hr/>

As at 31 July 2022, included in cash and cash equivalents of the Group is approximately HK\$35,162,000 (2021: HK\$75,017,000) of cash at banks and bank deposits denominated in RMB placed with the banks in the PRC. RMB is not a freely convertible currency; however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through the banks authorised to conduct foreign exchange business in the PRC.

Cash at banks and bank deposits earn interest at floating rates based on daily bank deposit rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

14. TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current		
Trade payables (<i>Note (a)</i>)	13,578	18,386
Receipts in advance	826	2,122
Deposits received (<i>Note (b)</i>)	7,017	14,022
Accruals and other payables	8,542	4,268
	<u>29,963</u>	<u>38,798</u>
Non-current		
Deposits received (<i>Note (b)</i>)	9,339	10,924
	<u>9,339</u>	<u>10,924</u>
Total	<u>39,302</u>	<u>49,722</u>

Notes:

(a) Trade payables

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Represented by:		
Contracting	–	2,292
Interior design and decoration work	13,578	16,094
	<u>13,578</u>	<u>18,386</u>

No credit period is granted by suppliers (2021: Same). The ageing analysis of trade payables based on the invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	4,603	4,396
31–60 days	1,469	157
61–90 days	1,765	1,710
Over 90 days	5,741	12,123
	<u>13,578</u>	<u>18,386</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

14. TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS – continued

Notes: – continued

(a) Trade payables – continued

Retention payables amounted to approximately HK\$860,000 (2021: HK\$1,025,000) to sub-contractors of contract works under interior design and decoration work services are interest-free and payable by the Group after the completion of maintenance of the relevant contracts or in accordance with the terms specified in the relevant contracts, generally at 1 year from the completion date of the respective service contracts.

(b) Deposits received

The deposits mainly represent the rental deposits received from the lessees under the business segment of property sub-leasing. The deposits are refundable to the lessees at the end of the lease terms.

15. SHARE CAPITAL

	Number of ordinary shares '000	Ordinary shares HK\$'000
<i>Ordinary shares of HK\$0.01 each:</i>		
Authorised:		
As at 1 August 2020, 31 July 2021, 1 August 2021 and 31 July 2022	<u>2,000,000</u>	<u>20,000</u>
Issued and fully paid:		
As at 1 August 2020, 31 July 2021, 1 August 2021 and 31 July 2022	<u>411,200</u>	<u>4,112</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

16. DISPOSAL OF A SUBSIDIARY

NBE

The disposal of NBE was completed on 30 December 2020. Upon completion, NBE ceased to be a subsidiary of the Company and the results, assets and liabilities of NBE were ceased to be consolidated with those of the Group.

The net carrying amounts of assets/(liabilities) of NBE as at the completion date of the disposal were as follows:

	<i>HK\$'000</i>
Trade receivables	496
Prepayments and other receivables	7,977
Contract assets	1,204
Cash and cash equivalents	5
Amount due to immediate holding company [#]	(5,465)
Trade payables and other payables	(5,064)
Contract liabilities	(430)
Tax payable	(264)
	<hr/>
Net liabilities disposed of	(1,541)
NCI at the date of disposal	755
Gain on disposal of a subsidiary (<i>Note 5</i>)	1,296
	<hr/>
Total consideration satisfied by cash	510
Assignment of amount due to immediate holding company to the Buyer [#]	5,465
	<hr/>
	5,975
	<hr/> <hr/>
Net cash inflow arising on disposal:	
Cash consideration received	510
Cash and cash equivalents disposed of	(5)
	<hr/>
Net cash inflow	505
	<hr/> <hr/>

[#] On the date of disposal, the Buyer has taken up the amount due by NBE of approximately HK\$5,465,000, such balance was reclassified to “Other receivables” (Note 12(b)) as at 31 July 2021 accordingly. During the year ended 31 July 2022, the balance has been fully settled.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of contracting, project management and civil engineering consulting businesses in Hong Kong, property sub-leasing and management business in the PRC, interior design services and decoration works in both Hong Kong and the PRC and commodity trading business in the PRC.

During the year, the COVID-19 pandemic and the severe political tension between the PRC and United States still disrupted normal economic activity around the world. With the new wave of COVID-19 pandemic spreading in the PRC in the second half of the financial year, the PRC government implemented various prevention and control measures throughout the country, particularly the lockdown of various major cities. The Group's overall business activities and its operating environments were inevitably affected to a large extent. The Group has thus taken appropriate strategies rapidly to cope with the challenging environments.

1. Property sub-leasing and management services business segment

The property sub-leasing and management service business segment is operated by Shenzhen Zhongshengtuotou Assets Management Co., Ltd* (深圳中深國投資產管理有限公司) (“ZSGT”), a wholly-owned subsidiary of the Company in the PRC. One of the principal business of ZSGT is sub-leasing office premises to different clientele in three categories below:

(a) Sub-leasing of premises

In view of the growing number of start-up and small-to-medium business to move in the grade-A office premises to enhance its corporation image and gain creditability, there is high demand for small-sized offices in the PRC. The Group considered there are ample business opportunities in such regard.

The Group's sub-leasing of premises generally focuses on office premises and involves provision of small scale (ranging from 100 sq.m. to 500 sq.m.) subdivided or partitioned office premises at grade-A commercial buildings with stylish decoration at affordable price embedding co-use/sharing concept.

The Group will provide instant support and services to the sub-tenants, including but not limited to (i) services generally provided by property management agency, such as security service and reception service, which may be sometimes outsourced by the Group to other service providers; (ii) repair and maintenance services and tailor design, renovation and refurbishment services, leveraging the Group's resource of its Interior Design, Decoration Business; (iii) consultation and execution on the regulatory requirement of fire control; (iv) human resources

* For identification purpose only

planning and manpower recruitment; (v) provision of platform on the Group's mobile application for promotional activities; and (vi) general consultation and assistance on corporate registration tax and employment benefits matters.

The sub-leasing of office premise in the PRC maintains a steady growth in the recent years, and such growing trend is expected to continue.

As at the 31 July 2022, the Group leased 6 large scale properties in the PRC, of which 5 are situated at Nanshan (南山) and Baoan (寶安) districts of Shenzhen; 1 property is located in Beijing, with total floor area of approximately 20,935 square meters ("sq.m.") (2021: 33,999 sq.m.) for its operation of sub-leasing to sub-tenants. The occupancy rate of the Group's sub-leased properties reached over 86% (2021: 92%) as at 31 July 2022.

(b) *Sub-leasing management*

Sub-leasing management refers to the service of the Group that it (i) searches for premises based on customer's specifications; (ii) enters into head lease with landlord by the Group; and (iii) subleases that premises to the customers.

The customers will only need to communicate their needs to the Group in contrast to negotiating with different landlord all over the PRC one by one, and thus the Group's sub-leasing management service will be able to minimize the customers' effort, resource and cost spent on leasing which can instead be spent on their core revenue generating operation.

Given that the sub-leasing management service is demand-driven, the Group will generally enter into rental agreement with landlords back to back with the sub-leasing agreement with the customers, and as such, the Group generally does not expose itself to any risk of being unable to lease the premises out, and there is no vacancy for premises leased under the sub-leasing management service.

Sub-leasing management is target for enterprises requiring national presence, most of them are asset management companies, insurance companies, finance companies and branches of companies operates across the PRC. The demand and market sizes are expected to continue to rise and expand to include more provinces.

As at 31 July 2022, the Group's sub-leasing management services cover 2 cities, namely Shenzhen and Shanghai, and 18 other provinces of the PRC, namely Guangdong, Guangxi, Jiangxi, Hunan, Hubei, Hainan, Hebei, Fujian, Jilin, Shandong, Sichuan, Ningxia, Inner Mongolia, Henan, Gansu, Shaanxi, Jiangsu and Zhejiang with total floor areas of approximately 58,430 sq.m. (2021: 67,812 sq.m.).

(c) Co-work space

The Group operates one co-work space centre (i.e. an advanced form of business centre) at a Grade A commercial building located at Nanshan district of Shenzhen, which is Shenzhen's focal development area for hi-tech and innovative businesses.

Target customers and most of the current customers of the co-work space centre are entrepreneurs and start-up businesses.

The co-work space centre offers:

- (i) rental of office space or dedicated desks;
- (ii) rental of private office room/booth;
- (iii) conference rooms; and
- (iv) auxiliary services (e.g. provision of registered office for business licence registration purpose, front-desk and guest reception, business-class printing, mail and packing handling as well as other secretarial services);

to customers and sub-tenants of ZSGT's other leased properties in which charges are calculated based on the membership plan subscribed, which is very flexible ranging from hourly usage plan to monthly usage plan, purchased by customers and/or actual usage.

During 2021, ZSGT had continued to expand the leasing business as the economy in the PRC still recorded a substantial boost. However, such expansion plans had been slow down in the second half of the financial year since persisting impact of the ongoing COVID-19 pandemic had affected the property sub-leasing market seriously. As the market environment had been alternated between the first and second half of the financial year, large number of tenants ceased their business since the second half of the financial year. As a result, significant amount of lease contracts had been early terminated during the second quarter of 2022. Nevertheless, ZSGT generated revenue for property sub-leasing and management service of appropriately HK\$101.6 million which represented an increase of 5.5% as compared to last year (2021: approximately HK\$96.4 million).

As majority of the sub-tenants' leases with the Group are for a term of 2–3 years and the decrease of tenant is only in the short term, the Group considers that the sub-leasing business will continue to provide stable source of revenue to the Group in the future.

2. Interior design and decoration business segment

The scope of the interior design and decoration business of the Company covers interior design and decoration services for private offices and residential properties, and other wide-ranging projects. The Group is responsible for the overall design, purchasing and project management. The in-house design department of the Group is mainly responsible for private offices projects. The project managers of the Group (“**Project Managers**”) are responsible for identifying suitable vendors and suppliers across different fields for providing resources and services such as fire safety equipment, air-conditioning and mechanical ventilation system, interior fitting out and electrical works, etc. The Group has outsourced the relevant tasks to the appropriate vendors and suppliers under the supervision of Project Managers in order to reach customers’ expectation.

The Group’s interior design and decoration business segment, is operated by wholly-owned subsidiaries of the Company, KSL Engineering Limited (“**KSL**”) and ZSGT in Hong Kong and the PRC respectively. They generated revenue of approximately HK\$15.2 million which represented a decrease of 73.5% as compared to last year (2021: approximately HK\$57.4 million). The market of interior design and decoration business in Hong Kong remains challenging and keen competition amongst the market players persisted. Active contractors bid for tenders at competitive prices. Besides, higher construction costs incurred due to stringent contract requirements and the increase of material and labour costs which all resulted in trimming down profit margins. With the lockdown in several major cities due to the repeated COVID-19 pandemic, most of the interior design and decoration projects were required to be postponed and suspended. As a result, the overall revenue of this business segment had been significant drop.

Looking forward, the overall markets in the PRC and Hong Kong are expected to recover gradually. It is anticipated that the central government will continue to introduce favourable policies for the stable development of the property market and thus boost the demand of interior design and decoration business.

3. Contracting segment

The contracting of the Group are operated by KSL, the revenue has decreased by 91.5% from approximately HK\$8.2 million in the year ended 31 July 2021 to approximately HK\$0.7 million in the year ended 31 July 2022. In order to secure new contracts for the contracting notwithstanding the sluggish condition in Hong Kong construction industry, the Group has adopted a more aggressive approach in seeking new contracts which including but not limited to relaxing payment terms of its contracts so as to increase its competitiveness.

4. Commodity trading business segment

The commodity trading business is operated by Guangzhou Desheng Technology Limited* (廣州市得昇科技有限公司), a wholly-owned subsidiary of the Company established in the PRC. The Group has employed a management team with relevant commodities trading experience for the operation and development of the commodity trading business. In order to operate the commodity trading business with safer funds and better risk control, large-scale enterprises and even state-owned enterprises are preferred as the first-choice upstream supplier whereas the downstream customers will be enterprises with good reputation in the industry.

During the year, the commodity trading business record revenue of approximately HK\$5.5 million which represented an increase of 12.4% as compared to last year (2021: approximately HK\$4.9 million). The increment is mainly contributed by the stable trading environment in the first half of financial year. As the PRC was pursuing a strict stance on COVID-19 measure in different major cities at the beginning of 2022, there were uncertainties in the transportation logistics as well as the demand of the commodity. As a result, the commodity trading business was slowed down in the second half of the financial year. Nevertheless, the operation of the commodity trading business will gradually restore to normal when the pandemic come steadily under control. Since the Group has built up a management team with relevant commodities trading experience and accumulated customer base, the Group will keep on the commodity trading business and explore for the self-operated commodity trading business at the same time. It is thus expected that the commodity trading business still bring economic benefits to the Group in the future.

OUTLOOK

At the beginning of 2022, the outbreak of COVID-19 not being under control and the ongoing Russia-Ukraine conflict and tense China-US trade relations brought uncertainties to the global economic recovery and the trade development. Over the short term, the overall business environment remains challenging. The aggravation of the inflationary pressures, decline in consumer spending, interest rate hikes, supply-side disruptions as well as adverse market sentiment will be the major challenges to the Group.

The Group will remain prudent in the short run and be optimistic in the long run. With the implementation of a series of economic stimulus policies by the central government, the overall economic environment in the PRC will recover steadily. Besides, small and medium-sized enterprises and individuals will be the economic drivers of the recovery for the market. The Group will thus leverage its strength and seize the opportunity and focus on the property sub-leasing and management services segment as its revenue and profit engine.

* For identification purpose only

The Group will continue to make good progress in restructuring our businesses in an effort to build a long-term sustainable business portfolio as well as to enlarge its earnings base in the interests of the Group's shareholders as a whole.

FINANCIAL REVIEW

Revenue and Segment Information

During the year ended 31 July 2022, the Group's total revenue has decreased by 26.3% to approximately HK\$123.0 million (2021: approximately HK\$166.9 million). This change was comprised of:

- (i) decrease in revenue of the Group's interior design and decoration business by 73.5% to approximately HK\$15.2 million (2021: approximately HK\$57.4 million);
- (ii) increase in revenue of the Group's property sub-leasing and management business in the PRC by 5.5% to approximately HK\$101.6 million (2021: approximately HK\$96.4 million); and
- (iii) increase in revenue of the Group's commodity trading business in the PRC to approximately HK\$5.5 million (2021: approximately HK\$4.9 million).

Cost of Services

In line with the decrease in revenue of the Group, cost of services of the Group for the year ended 31 July 2022 decreased to approximately HK\$79.1 million, representing a decrease of 31.5% (2021: approximately HK\$115.5 million). The major cost items of the Group include sub-contracting charge, depreciation of investment properties and material cost as well as lease payment under operating lease.

Gross Profit

During the year ended 31 July 2022, gross profit of the Group has decreased by 14.5% to approximately HK\$43.9 million (2021: approximately HK\$51.3 million) with gross profit margin of 35.7% (2021: 30.8%). The gross profit margin of the Group remains steady.

Other Income and Gains

During the year ended 31 July 2022, the Group's other income and net gains decrease by 13.2% to approximately HK\$7.4 million (2021: approximately HK\$8.6 million). The major reason for the change was because of the decrease of the gain on disposal of subsidiary of approximately HK\$1.3 million.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses increased by 5.9% to approximately HK\$19.1 million during the financial year ended 31 July 2022 (2021: approximately HK\$18.0 million).

Expected credit loss allowance on trade receivables, contract assets and finance lease receivables

The expected credit loss allowance on trade receivables, contract assets and finance lease receivables increased significantly to approximately HK\$9.0 million for the year ended 31 July 2022 (2021: a reversal of expected credit loss allowance of approximately HK\$0.1 million). The increase was mainly due to the increased uncertainty on settlement from clients, especially for those finance lease receivables derived from the significant amount of lease contracts which were highly likely to be terminated prior to the maturity of lease contract during the second half of 2022 due to the adverse market environment caused by the ongoing COVID-19.

Income Tax Expense

Since the Group had incurred losses in Hong Kong for current year, no profits tax was charged for the year ended 31 July 2022 (2021: Nil) despite the profitability of its contracting businesses segment and interior design and decoration business segment in Hong Kong in the year ended 31 July 2021.

EIT of approximately HK\$6.3 million is payable by the Group in the PRC due to the profitability of its operations in the PRC.

After inclusion of the impact of deferred tax of approximately HK\$1.3 million, the total income tax expense of the Group for the year ended 31 July 2022 was approximately HK\$5.0 million (2021: approximately HK\$7.7 million).

Profit before Income Tax and Profit for the Year

The Group recorded a profit before income tax of approximately HK\$9.2 million for the year ended 31 July 2022, representing an decrease of 62.6%, as compared to a profit before income tax of approximately HK\$24.7 million for the corresponding period in 2021.

The business of the Group recorded a profit after tax of approximately HK\$4.2 million for the year ended 31 July 2022, representing an decrease of 75.3%, as compared to a profit after tax of approximately HK\$17.0 million for the year ended 31 July 2021.

The Company recorded a profit attributable to the owners of the Company of approximately HK\$4.2 million for the year ended 31 July 2022 as compared to a profit attributable to the owners of the Company in the amount of approximately HK\$17.1 million for the year ended 31 July 2021.

Final Dividend

The Board did not recommend the payment of a final dividend for the year ended 31 July 2022 (2021: Nil).

Liquidity and Financial Resources

The Group maintained a healthy financial position during the year ended 31 July 2022. As at 31 July 2022, the Group had cash and cash equivalent of approximately HK\$59.3 million (2021: approximately HK\$112.8 million).

The current ratio as at 31 July 2022 was 2.2 (2021: 1.7).

Gearing Ratio

The gearing ratio of the Group as at 31 July 2022 was Nil (2021: 11.9%).

The gearing ratio is calculated as total borrowing divided by total equity as at the respective dates.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 July 2022. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Pledge of Assets

As at 31 July 2022, the Group did not have any charges on its assets (2021: Nil).

Foreign Exchange Exposure

Most of the Group's bank balances and income are denominated in either Renminbi or Hong Kong dollars. The Group has not experienced any material difficulties or negative impacts on its operations as a result of fluctuations in currency exchange rates. The Board considered that no hedging of exchange risk is required and accordingly, there were no financial instruments being used for hedging purposes during the year ended 31 July 2022. Nevertheless, the management will continue to monitor the Group's foreign exchange exposure and will take prudent measures as and when appropriate.

Capital Structure

There was no change in the capital structure of the Company since its listing on GEM on 5 December 2014 and no fund raising activity was conducted during the year under review.

As at 31 July 2022, the share capital and equity attributable to owners of the Company amounted to approximately HK\$4.1 million and HK\$123.2 million respectively (2021: approximately HK\$4.1 million and HK\$122.3 million respectively).

Capital Commitments

The registered capital of Shenzhen Fuqingyuan Technology Limited (“**Fuqingyuan**”) is RMB5.0 million. The Group committed as at 31 July 2021 to invest in Fuqingyuan, a wholly-owned subsidiary, amounting to RMB5.0 million (equivalent to approximately HK\$6.0 million). The capital injection was paid during the year ended 31 July 2022.

Application of the Net Proceeds of the Placing

As at 31 July 2022, the Company had utilised in aggregate of approximately HK\$14,981,000 out of the total net proceeds of approximately HK\$22,200,000 (the “**Proceeds**”) derived from the Company's placing in 2014. The Proceeds have been applied in accordance with the intended uses as previously disclosed in the Company's prospectus dated 28 November 2014 and the announcement dated 4 December 2018.

As the Company has been cautiously monitoring its costs and expenses, the actual amount used in the applications of the Proceeds was less than the budgeted amount of the Proceeds. Details of the actual application of the Proceeds during the year ended 31 July 2022 are as follows:

Intended uses of the Proceeds	Planned use of the Proceeds <i>HK\$</i> (approximately)	Actual use of the Proceeds up to 31 July 2022 <i>HK\$</i> (approximately)	Actual use of the Proceeds for the year ended 31 July 2022 <i>HK\$</i> (approximately)
(1) Further developing the contracting business of the Company	15,000,000	8,070,000	–
(2) Strengthening in-house team of engineering staff of the Company	5,000,000	2,064,000	–
(3) Developing more efficient in-house computer programs of the Company	2,000,000	847,000	–
(4) General working capital	–	4,000,000	–
Total	<u>22,000,000</u>	<u>14,981,000</u>	<u>–</u>

As at 31 July 2022, the unutilised Proceeds amounted to approximately HK\$7,019,000. The Company intends to apply the said unutilised Proceeds for development of the Company's property sub-leasing and management services business in the PRC.

Human Resources Management

As at 31 July 2022, the Group had 34 (2021: 61) employees, including the Directors. The Group's total staff costs (including Directors' emoluments) for the year ended 31 July 2022 was maintained at approximately HK\$10.0 million (2021: approximately HK\$9.6 million).

The Group promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff, competitive remuneration package is offered to employees (with reference to market norms and individual employees' performance, qualification and experience).

On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual's performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of training courses. The emoluments of the Directors were reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance, and approved by the Board.

Significant Investments Held

Except for investment in its subsidiaries, the Group did not hold any significant investment in equity interest in any other company as at 31 July 2022.

Material Acquisitions, Deregistrations and Disposals of Subsidiaries and Affiliated Companies

The Group did not have any other material acquisitions, deregistrations and disposals of subsidiaries and affiliated companies for the year ended 31 July 2022.

Contingent Liabilities

The Group did not have any other material contingent liabilities as at 31 July 2022 (2021: Nil).

Future Plans for Material Investments or Capital Assets

For the year ended 31 July 2022, save as investment properties that may be recognised in accordance with HKFRS 16 for new leases under the Group's property sub-leasing and management business, the Group did not have other plans for material investments and capital assets.

PROFIT GUARANTEE AND LOAN FROM THE SINGLE LARGEST SHAREHOLDER OF THE COMPANY

On 11 October 2019, the Group received an amount of HK\$30,000,000 regarding a loan from a shareholder, Mr. Lin Ye (“**Mr. Lin**”), who is also an executive Director and the chairman of the Board, which is restricted to be used for the purpose of financing the Company’s potential acquisition of an office premise in Hong Kong and its related expenses, and providing extra assurance for the profit guarantee provided by Mr. Lin in favour of the Company.

After assessment of the internal resources of the Group, the Directors considered that it would be sufficient for the Group to apply half the amount of the loan from a shareholder for the development of the Group’s sub-leasing business. As such, on 3 April 2020, the Company repaid HK\$15,000,000 to Mr. Lin. Mr. Lin consented to and the Company released the remaining restricted cash for development of the Group’s sub-leasing business.

As disclosed in the announcement of the Company dated 30 September 2020, the Group’s audited consolidated earnings before interest, taxes, depreciation and amortisation (the “**EBITDA**”) for the year ended 31 July 2020, which amounted to approximately HK\$82.0 million, is more than the profit guarantee made by Mr. Lin in favor of the Company (i.e. the EBITDA of the Group for the year ended 31 July 2020 being not less than HK\$13,800,000) (the “**Profit Guarantee**”). Accordingly, there will not be any compensation made by Mr. Lin to the Company for any shortfall of the Profit Guarantee for the year ended 31 July 2020.

As disclosed in the announcement of the Company dated 6 October 2021, the EBITDA of the Group for the year ended 31 July 2021, which amounted to approximately HK\$88.0 million, is more than the profit guarantee made by Mr. Lin in favor of the Company (i.e. the EBITDA of the Group for the year ended 31 July 2021 being not less than HK\$13,800,000) (the “**2021 Profit Guarantee**”). Accordingly, there will not be any compensation made by Mr. Lin to the Company for any shortfall of the 2021 Profit Guarantee. The cheque placed by Mr. Lin with the Company’s solicitors in escrow to secure the Profit Guarantee had been returned to Mr. Lin.

As of 27 January 2022, the Group repaid the remaining portion of HK\$15,000,000 (equivalent to approximately RMB12,178,500) to Mr. Lin.

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 July 2022, the interests and short positions of the Directors and chief executive of the Company in the shares (the “**Shares**”), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong (the “**SFO**”)) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares

Name of Director	Capacity	Number of ordinary shares interested (Long position)	Approximate percentage of shareholding
Mr. Lin Ye (<i>Note</i>)	Beneficial owner	29,513,000	7.18%
	Interest in a controlled corporation	86,534,000	21.04%

Save as disclosed above and so far as is known to the Directors, as at 31 July 2022, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Note:

86,534,000 Shares are held by Sonic Solutions Limited as a beneficial owner. The entire issued share capital of Sonic Solutions Limited is wholly-owned by Mr. Lin Ye. As such, Mr. Lin Ye is deemed to be interested in 86,534,000 Shares held by Sonic Solutions Limited.

B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 July 2022, so far as was known to the Directors, the interests and short positions of the following persons (other than the Directors or chief executive of the Company) or entities which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were requested to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Names of Shareholders	Nature of interest	Number of Shares (Note 1)	Approximate percentage of shareholding
Sonic Solutions Limited (Note 2)	Beneficial owner	86,534,000	21.04%
Jing Shiqi (Note 3)	Interest in a controlled corporation	60,000,000	14.59%
Wealth Triumph Corporation (Note 3)	Beneficial owner	60,000,000	14.59%
Pan Guorong	Beneficial owner	30,000,000	7.30%
Liu Guo Ping	Beneficial owner	54,833,000	13.33%
Li Song	Beneficial owner	34,738,000	8.45%
Xia Yuqing	Beneficial owner	32,135,000	7.81%

Notes:

1. Interests in Shares stated above represent long positions.
2. The entire issued share capital of Sonic Solutions Limited is wholly-owned by Mr. Lin Ye, an executive director of the Company.
3. Mr. Jing Shiqi beneficially owns the entire issued share capital of Wealth Triumph Corporation which in turns hold 60,000,000 Shares. As such, Mr. Jing Shiqi is deemed, or taken to be, interested in all the Shares held by Wealth Triumph Corporation for the purposes of the SFO. Mr. Jing Shiqi is the sole director of Wealth Triumph Corporation.

Save as disclosed above, as at 31 July 2022, no person, other than the Directors and chief executive of the Company whose interests are set out in the section “Disclosure of Interest” above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

COMPETITION AND CONFLICT OF INTEREST

Having made specific enquiry of all Directors and substantial Shareholders, during the year ended 31 July 2022, none of the Directors nor their respective close associates (as defined in the GEM Listing Rules) had held any position or had interest in any businesses or companies that were or might be materially competing with the business of the Group, or gave rise to any concern regarding conflict of interests.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 July 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

During the year ended 31 July 2022, save as disclosed below, the Company had complied with the applicable code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 15 to the GEM Listing Rules.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision A.2.1 (renumbered as code provision C.2.1 with effect from 1 January 2022) of the Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 July 2022, (i) Mr. Lin Ye acted as the Chairman of the Board, and is responsible for the overall management and formulation of business strategy of the Group; and (ii) there had been no chief executive officer in the Company until the appointment of Mr. Liu Guofei as the Company's executive Director, co-chairperson and chief executive officer of the Company with effect from 27 May 2022. Mr. Liu Guofei subsequently resigned as executive Director, co-chairperson and chief executive officer of the Company with effect from 19 August 2022.

The Board does not have the intention to fill the position of the chief executive officer of the Company at present and believe the absence of the chief executive will not have adverse effect to the Company, as decisions of the Company will be made collectively by the executive Directors. The Board will keep reviewing the current structure of the Board and the need of appointment of a suitable candidate to perform the role of chief executive officer. Appointment will be made to fill the post to comply with code provision A.2.1 of the Code if necessary.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by Directors in respect of the shares of the Company (the “**Code of Conduct**”). Having made specific enquiries to all Directors, all Directors have confirmed that they have complied with the required standard set out in the Code of Conduct during the year ended 31 July 2022.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 19 November 2014 (the “**Scheme**”). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 July 2022.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information that is publicly available to the Company, at least 25% of the Company’s issued share capital were held by the public as at the date of this announcement.

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 31 July 2022 were audited by Moore Stephens CPA Limited (“**Moore**”); who will retire in the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Moore as auditor of the Company will be proposed in the forthcoming AGM.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the Company's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes to the consolidated financial statements thereto for the year ended 31 July 2022 as set out in this announcement have been agreed by the Company's auditor, Moore, to the amounts as set out in the Company's audited financial statements for the year ended 31 July 2022 and the amounts were found to be in agreement. The work performed by Moore in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's independent auditor.

AUDIT COMMITTEE

The Company has established the Audit Committee on 19 November 2014 with its written terms of reference in compliance with code provisions C.3.3 and C.3.7 (renumbered as code provisions D.3.3 and D.3.7 with effect from 1 January 2022) of the Code. The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process, risk management and internal control system of the Group, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance. As at the date of this announcement, the Audit Committee consists of three members, namely Ms. Kwong Ka Ki (chairperson), Mr. Yu Hua Chang and Ms. Guo Liying.

The Audit Committee has reviewed this announcement and the audited consolidated financial statements of the Group for the year ended 31 July 2022.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM of the Company will be held on 9 December 2022 (Friday), at 11:00 a.m., at Unit 2918, 29th Floor, Shui on Centre, No. 6-8 Harbour Road, Wanchai, Hong Kong.

For determining entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from 6 December 2022 (Tuesday) to 9 December 2022 (Friday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must

be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on 5 December 2022 (Monday).

APPRECIATION

The Board would like to express its sincere gratitude to our Shareholders, customers, subcontractors and business partners for their continuous support, and to our management and staff members for their diligence, dedication and contribution to the growth of the Group.

By Order of the Board
China All Nation International Holdings Group Limited
Lin Ye
Chairman

Hong Kong, 21 October 2022

As at the date of this announcement, the executive Directors are Mr. Lin Ye, Mr. Au Siu Chung and Ms. Xiao Yi Liao Ge; and the independent non-executive Directors are Ms. Kwong Ka Ki, Mr. Yu Hua Chang and Ms. Guo Liying.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the Stock Exchange's website at www.hkexnews.hk for 7 days from the date of its posting. This announcement will also be posted on the Company's website at www.allnationinternational.com.