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 2018

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 2018 (the "**Period**") together with its comparative figures for the corresponding period in 2017 (the "**Previous Period**") as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2018

	Note	Unaudited Six months ended 30 September 2018 *HK$'000*	 2017 *HK$'000*
Revenue	3	**77,580**	71,061
Cost of sales and services		**(45,945)**	(42,045)
Gross profit		**31,635**	29,016
Other income and gains, net		**1,795**	2,604
Selling expenses		**(2,688)**	(1,492)
Administrative expenses		**(13,964)**	(10,271)
Operating profit		**16,778**	19,857
Finance income		**10**	58
Finance costs		**(1,358)**	(1,236)
Finance costs, net		**(1,348)**	(1,178)
Profit before income tax		**15,430**	18,679
Income tax expenses	4	**(2,630)**	(2,758)
Profit for the period	5	**12,800**	15,921
Profit attributable to equity holders of the Company		**12,800**	15,921
Other comprehensive income/(loss), net of tax			
Items that may be subsequently reclassified to profit or loss			
Fair value gain/(loss) on revaluation of financial asset measured at fair value through other comprehensive income/available-for-sale financial assets		**767**	(875)
Total comprehensive income for the period, net of tax		**13,567**	15,046
		HK cents	*HK cents*
Earnings per share for profit attributable to equity holders of the Company:			
Basic and diluted	7	**1.03**	1.28

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2018

	Note	**Unaudited 30 September 2018 *HK$'000***	Audited 31 March 2018 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**234,536**	229,031
Goodwill		**61**	–
Deferred income tax assets		**623**	651
Available-for-sale financial asset		**–**	15,410
Deposits, prepayments and other receivables		**267**	1,253
		235,487	246,345
Current assets			
Inventories		**17,787**	9,220
Trade receivables	8	**47,690**	49,482
Deposits, prepayments and other receivables	8	**10,165**	4,182
Amounts due from related companies		**84**	84
Income tax recoverable		**4,721**	4,533
Finance lease receivables		**–**	841
Restricted cash		**10,000**	10,000
Cash and cash equivalents		**67,003**	63,258
		157,450	141,600
Total assets		**392,937**	387,945
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**12,390**	12,390
Reserves		**279,187**	265,620
		291,577	278,010
Non-controlling interest		**3**	–
Total equity		**291,580**	278,010

	Note	Unaudited 30 September 2018 HK$'000	Audited 31 March 2018 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**25,100**	23,948
Obligations under finance leases		**4,250**	5,346
		29,350	29,294
Current liabilities			
Trade and bills payables	9	**14,831**	11,992
Accruals and other payables	9	**8,893**	6,153
Borrowings		**36,503**	55,865
Income tax payable		**257**	–
Obligations under finance leases		**11,523**	6,631
		72,007	80,641
Total liabilities		**101,357**	109,935
Total equity and liabilities		**392,937**	387,945

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 2018 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 interim condensed consolidated financial information is to be read in conjunction with the consolidated financial statements for the year ended 31 March 2018 and any public announcements made by the Group during the interim reporting period.

2. ACCOUNTING POLICIES

2.1 Changes in accounting policy and disclosures

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies applied in the interim condensed consolidated financial statements for the six months ended 30 September 2018 are consistent with those adopted in the consolidated financial statements for the year ended 31 March 2018.

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

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

The impact of the adoption of these standards and the new accounting policies are disclosed in Notes 3(a)(i) to 3(a)(ii) below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

(i) HKFRS 9 "Financial Instruments"

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 April 2018 resulted in changes in accounting policies. The Group assessed which business models should be applied to its financial assets on 1 April 2018. Based on the assessment, the available-for-sale financial asset has been classified and measured in accordance with the appropriate categories under HKFRS 9 as further explained below, and all other financial assets are continue to be measured on the same basis as they were previously classified and measured under HKAS 39.

The Group's unlisted equity investment was previously classified as available-for-sale financial asset, which was measured at fair value under HKAS 39. Under HKFRS 9, the investment has been classified as financial asset measured at fair value through other comprehensive income. The cumulated fair value gain of the investment of approximately HK$410,000 as at 1 April 2018 remained in "other reserve". Subsequent change in fair value of the investment before the disposal during the current financial period is recognised in "other reserve". Upon the disposal, the cumulative balance recognised in "other reserve" was transferred to retained earnings.

The Group has two types of financial assets that are subject to the new expected credit loss model of the new HKFRSs:

- Trade receivables, and
- Other financial assets at amortised cost.

Trade receivables

The Group applies HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group applied different expected loss rates to different classes of trade receivables, according to their respective risk characteristics. Trade receivables are written off when there is no reasonable expectation of recovery.

Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group has assessed the expected credit loss model applied to the trade receivables as at 1 April 2018 and the change in impairment methodologies has no significant impact of the Group's interim condensed consolidated financial information and the opening loss allowance is not restated in this respect.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables. The Group has adopted the expected credit loss model to assess the recoverability of other receivables as at 1 April 2018 and the change in impairment methodologies has no impact of the Group's interim condensed consolidated financial information and the opening loss allowance is not restated in this respect.

(ii) HKFRS 15 "Revenue from Contracts with Customers"

The Group has first time adopted HKFRS 15 from 1 April 2018 which resulted in changes in accounting policies. In accordance with the transition provisions of HKFRS 15, the Group has adopted the modified retrospective application and no comparative figures are restated.

HKFRS 15 establishes a new framework for revenue recognition. This replaces HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard introduces a five-step model to determine when to recognise revenue and at what amount. Under the five-step model, revenue is recognised when control of goods or services is transferred to a customer and at the amount to which the entity expects to be entitled. Depending on the nature of the contracts, revenue is either recognised over time or at a point in time.

The adoption of HKFRS 15 did not result in any significant impact on the Group's financial position and results of operations based on the current business model.

(b) New and amended standards and interpretations issued but not yet adopted by the Group

		Effective for accounting periods beginning on or after
Annual Improvement Project	Annual Improvements 2015 – 2017 Cycle	1 January 2019
HKAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement	1 January 2019
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures	1 January 2019
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16 *(Note i)*	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture	To be determined

(i) HKFRS 16 "Leases"

The Group is a lessee of its buildings which are currently classified as operating leases. As at 30 September 2018, the Group has aggregate minimum lease payments, which are not reflected in the condensed consolidated interim statement of financial position, under non-cancellable operating leases of approximately HK$1,721,000.

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

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

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

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

2.2 Estimation of income tax

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

3. REVENUE AND SEGMENT INFORMATION

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

	Unaudited Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Revenue		
Leasing of machinery and provision of related services	**49,118**	38,894
Sales of machinery and spare parts and provision of related services	**18,627**	22,131
Transportation services	**7,999**	10,036
Property management services	**1,836**	–
	77,580	71,061

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

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 2018

	Unaudited				
	Trading	**Leasing**	**Transportation**	**Property Management**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue					
Segment revenue from external customers					
Timing of revenue recognition					
– At a point in time	**18,627**	**–**	**7,999**	**–**	**26,626**
– Over time	**–**	**49,118**	**–**	**1,836**	**50,954**
	18,627	**49,118**	**7,999**	**1,836**	**77,580**
Results					
Segment profit	**4,147**	**20,185**	**31**	**302**	**24,665**
Unallocated corporate income					**1,291**
Unallocated corporate expenses					**(10,536)**
Profit before tax					**15,420**

For the six months ended 30 September 2017

	Unaudited			
	Trading	Leasing	Transportation	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
Segment revenue from external customers	22,131	38,894	10,036	71,061
Results				
Segment profit	5,305	18,707	991	25,003
Unallocated corporate income				1,995
Unallocated corporate expenses				(8,319)
Profit before tax				18,679

4. INCOME TAX EXPENSES

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

	Unaudited Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**1,398**	1,405
– Mainland China taxes	**52**	–
Deferred income tax	**1,180**	1,353
Income tax expenses	**2,630**	2,758

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 2018 (six months ended 30 September 2017: 16.5%).

Mainland China Corporate Income Tax ("**CIT**") has been provided at the rate of 25% (six months ended 30 September 2017: nil) on the estimated assessable profits which are subject to CIT.

5. PROFIT FOR THE PERIOD

	Unaudited Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging/(crediting):		
Costs of machinery and equipment and spare parts sold	**14,481**	15,853
Staff costs, including directors' emoluments	**13,632**	10,506
Leasing expense of machinery and equipment	**2,906**	1,974
Operating lease rental in respect of office and storage premises	**1,086**	797
Auditor's remuneration	**730**	900
Depreciation		
– owned machinery and equipment	**15,551**	11,893
– machinery and equipment held under finance leases	**1,960**	2,048
Foreign exchange (gain)/loss, net	**(315)**	(1,480)
Gain on disposal of property, plant and equipment	**(499)**	(667)

6. DIVIDENDS

The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 September 2018.

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	
	2018	2017
Profit attributable to equity holders of the Company *(HK$'000)*	**12,800**	15,921
Weighted average number of ordinary shares in issue *(thousands)*	**1,239,000**	1,239,000
Basic earnings per share *(HK cents)*	**1.03**	1.28

(b) Diluted

Diluted earnings per share is of the same amount as the basic earnings per share as there were no potential dilutive ordinary share outstanding as at 30 September 2018 (30 September 2017: same).

8. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited 30 September 2018 ***HK$'000***	Audited 31 March 2018 *HK$'000*
Trade receivables	**48,712**	50,504
Provision for impairment	**(1,022)**	(1,022)
	47,690	49,482
Deposits, prepayments and other receivables	**10,432**	5,435
Less: non-current portion	**(267)**	(1,253)
Current portion	**10,165**	4,182

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 2018, the ageing analysis of the trade receivables based on invoice date was as follows:

	Unaudited 30 September 2018 *HK$'000*	Audited 31 March 2018 *HK$'000*
0 to 30 days	**22,720**	16,956
31 to 60 days	**6,205**	14,457
61 to 90 days	**4,586**	6,907
More than 90 days	**14,179**	11,162
	47,690	49,482

9. TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	Unaudited 30 September 2018 *HK$'000*	Audited 31 March 2018 *HK$'000*
Trade and bills payables	**14,831**	11,992
Accruals and other payables *(Note i)*	**8,893**	6,153
	23,724	18,145

Note i: The amounts mainly represent advance 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 2018 *HK$'000*	Audited 31 March 2018 *HK$'000*
0 to 30 days	**9,084**	8,963
31 to 60 days	**1,632**	1,416
61 to 90 days	**1,346**	791
More than 90 days	**2,769**	822
	14,831	11,992

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW AND MARKET PROSPECT

Zhaobangji Properties Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**")'s principal businesses in China and Hong Kong include: (i) leasing of construction machinery; (ii) trading of construction machinery; (iii) the provision of local transportation services with our crane lorries; and (iv) property management services.

The economic condition of China and Hong Kong as a whole has deteriorated in the third quarter of this year following intensifying disputes from the trade war between United States and China. The economy is entering a down-cycle and could last for several years in the worst scenario. This will pose challenges for traditional industries such as the construction market and the Company is cautious about the outlook.

The Board is keen to develop a sustainable business, and we appreciate that patience is essential. As the market for construction machineries is expected to grow at a slower pace, the Company will adopt a conservative development strategy and seek to develop new businesses which do not involve significant upfront investment and are relatively safe. Nonetheless, business expansion could take a long time to materialize into profit, and the Company will continue to develop cautiously while we take the interests of the shareholders as our top priority.

FINANCIAL REVIEW

Revenue

Our total revenue increased by approximately HK$6.6 million, or approximately 9.3%, from approximately HK$71.0 million for the six months ended 30 September 2017 (the "**Previous Period**") to approximately HK$77.6 million for the six months ended 30 September 2018 (the "**Period**"). Such increase was mainly attributable to: (i) the increase in revenue from leasing of construction machinery; and (ii) new revenue from the expansion into a new property management services segment in China.

Leasing of construction machinery

Our Group's revenue generated from leasing of construction machinery recorded an increase by approximately HK$10.2 million, or approximately 26.2%, from approximately HK$38.9 million for the Previous Period to approximately HK$49.1 million for the Period. Such increase was mainly due to the increase in construction machinery available for leasing for the Period.

Trading of construction machinery

Our Group's revenue generated from trading of construction machinery recorded a decrease by approximately HK$3.5 million, or approximately 15.8%, from approximately HK$22.1 million for the Previous Period to approximately HK$18.6 million for the Period. Such decrease was mainly attributable to the decrease in commencement of several public related projects and down-turn in the overall properties development market in Hong Kong which decreased the demand for construction machinery in the industry.

Transportation services

Our Group's revenue generated from transportation services decreased by approximately HK$2.0 million, or 20.0%, from approximately HK$10.0 million for the Previous Period to approximately HK$8.0 million for the Period. Profit margin continued to be low in this business segment and the Group has diverted more resources to the leasing business.

Property management services

Our Group began to expand into the property management services segment in September 2018 and we recorded revenue of approximately HK$1.8 million. We will continue to expand our portfolio of properties under management in the coming year, in line with the Board's strategy to leverage on our resources to expand into the Greater Bay Area.

Cost of Sales and Services

Our Group's cost of sales and services amounted to approximately HK$45.9 million for the Period, representing an increase of approximately 9.3% (Previous Period: approximately HK$42.0 million). Cost of sales and services mainly comprised of costs of machinery and equipment and spare parts, staff costs and depreciation.

The increase in cost of sales and services was in-line with the higher revenue generated for the Period.

Gross Profit and Gross Profit Margin

Our Group's gross profit increased by approximately HK$2.6 million, or 9.0%, from approximately HK$29.0 million for the Previous Period to approximately HK$31.6 million for the Period. Our gross profit margin maintained at 40.8% for the Period.

Other Income and Gains

Our Group's other income and gains decreased by approximately HK$0.8 million, or 30.8%, from gain of approximately HK$2.6 million for the Previous Period to gain of approximately HK$1.8 million for the Period. The decrease in other income and gains was mainly attributable to the absence of one off gains as that incurred in the Previous Period.

Selling Expenses

Our Group's selling expenses increased by approximately HK$1.2 million, or approximately 80.0%, from approximately HK$1.5 million for the Previous Period to approximately HK$2.7 million for the Period, mainly due to the increase in staff costs in the selling department.

Administrative Expenses

Our Group's administrative expenses increased by approximately HK$3.7 million, or 35.9%, from approximately HK$10.3 million for the Previous Period to approximately HK$14.0 million for the Period. The increase in administrative expenses was mainly attributable to higher staff costs and professional expenses incurred for the Period.

Finance Income

Our Group's finance income decreased by approximately HK$48,000 or 82.8%, from approximately HK$58,000 for the Previous Period to approximately HK$10,000 for the Period, which was mainly attributable to lower average deposit balance after the listing proceeds were utilized.

Finance Costs

Our Group's finance costs increased by approximately HK$0.2 million, or 16.7%, from approximately HK$1.2 million for the Previous Period to approximately HK$1.4 million for the Period. The increase in finance costs was mainly attributable to the increase in interest rates for the Period.

Income Tax Expense and Effective Tax Rate

Our Group's income tax expense decreased by approximately HK$0.2 million, or approximately 7.1%, from approximately HK$2.8 million for the Previous Period to approximately HK$2.6 million for the Period. Such decrease was in line with the decline in profit before tax.

Our Group's effective tax rate increased from approximately 14.8% for the Previous Period to approximately 17.1% for the Period, mainly due to a higher tax rate applicable to the property management segment.

Net Profit and Net Profit Margin

Our Group's net profit decreased by approximately HK$3.1 million, from approximately HK$15.9 million for the Previous Period to HK$12.8 million for the Period, representing a net profit decrease of approximately 19.5%.

Our Group's net profit margin was approximately 16.5% for the Period and 22.4% for the Previous Period, where the decrease was mainly due to higher administrative expenses for the Period.

LIQUIDITY AND FINANCIAL RESOURCES REVIEW

The Group financed its operations through a combination of cash flow from operations, borrowings and obligations under finance leases. As at 30 September 2018, the Group had cash and cash equivalents of approximately HK$67.0 million (31 March 2018: approximately HK$63.3 million) which were mainly denominated in HK$, and had borrowings of approximately HK$36.5 million (31 March 2018: approximately HK$55.9 million) and obligations under finance leases of approximately HK$15.8 million (31 March 2018: approximately HK$12.0 million) respectively that were mainly in HK$.

Gearing ratio is calculated as net debt divided by total equity at the end of the reporting period. Net debt is calculated as total borrowings and total obligations under finance leases less cash and cash equivalents and restricted cash. At 30 September 2018, the gearing ratio was not applicable due to the net cash position (2017: Same).

As at 30 September 2018, our Group's total current assets and current liabilities were approximately HK$157.5 million (31 March 2018: approximately HK$141.6 million) and approximately HK$72.0 million (31 March 2018: approximately HK$80.6 million), respectively. Our Group's current ratio increased to approximately 2.2 times as at 30 September 2018 (31 March 2018: 1.8 times). The current ratio increased mainly due to the decrease in borrowings.

PLEDGE OF ASSETS

As at 30 September 2018, our borrowings and obligations under finance leases were secured by property, plant and equipment with net carrying amount of approximately HK$97.2 million (31 March 2018: approximately HK$87.3 million).

CAPITAL STRUCTURE

As at 30 September 2018, the total issued share capital of the Company was approximately HK$12.4 million representing 1,239,000,000 ordinary shares of HK$0.01 each.

CAPITAL EXPENDITURE

The total capital expenditure incurred for the Period settled by cash was approximately HK$26.0 million (31 March 2018: approximately HK$120.7 million), which was mainly used in 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 also 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 2018: nil).

CAPITAL COMMITMENTS

Our capital commitments consist primarily of purchase of construction machinery for leasing purpose. As at 30 September 2018, there were approximately HK$0.7 million (31 March 2018: HK$24.1 million) capital commitments of machinery and equipment contracted but not provided for.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2018, our Group had 108 staff (31 March 2018: 61). The total staff costs incurred by our Group for the Period were approximately HK$13.6 million (Previous Period: approximately HK$10.5 million). The increase in staff costs was mainly due to increase in headcount for the Period.

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

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

The Group did not have any significant investments, material acquisitions or disposal of subsidiaries, associates and joint ventures and plans for material investments or capital asset.

INTERIM DIVIDEND

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

USE OF NET PROCEEDS FROM THE LISTING

The shares of the Company have been listed on the Stock Exchange since 10 February 2017 (the "**Listing Date**"). The receipt of proceeds net of listing expenses upon the Listing were approximately HK$109.4 million. As at 30 September 2018, the net proceeds had been utilised as follows:

	Net proceeds from the Listing under the allocation set out in the prospectus dated 27 January 2017	Actual utilisation up to 30 September 2018	Unutilised amounts as at 30 September 2018	Unutilised net proceeds under the reallocation set out in the announcement dated 22 October 2018 as at 30 September 2018
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
Expansion of our leasing fleet	69.5	69.5	–	32.9
Expansion of our transportation fleet	38.6	3.7	34.9	–
General working capital	1.3	1.3	–	2.0
Total	109.4	74.5	34.9	34.9

As disclosed in the Company's announcement on 22 October 2018, the Directors reallocated the unutilized net proceeds for the expansion of our transportation fleet of HK$34.9 million to the expansion of our leasing fleet and general working capital of HK$32.9 million and HK$2.0 million, respectively. This was due to the poor performance of the transportation segment while the leasing segment has continued growing in revenue and profit, and a further review of the market situation revealed that the demand for leasing for construction machinery will be relatively more robust.

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.

OTHER INFORMATION

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 (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as our corporate governance practices. Save as disclosed elsewhere in this interim announcement, the Company has complied with the applicable code provisions under the CG Code during the Period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

REVIEW OF FINANCIAL STATEMENTS

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

AUDIT COMMITTEE

The Audit Committee was established on 23 January 2017, with specific written terms of references in accordance with rule 3.22 of the Listing Rules and paragraph C. 3 of the CG Code. As at the date of approval of this interim report, the Audit Committee comprises three members, namely Mr. Wong Chun Man (Chairman), Mr. Sze-to Kin Keung, 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 2018

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Xu Chujia, Mr. Wu Hanyu, Mr. Kwan Kin Man Keith and Mr. Zhao Yiyong; two non-executive Directors, namely, Ms. Zhan Meiqing and Professor Lee Chack Fan, G.B.S., S.B.S., J.P.; and five independent non-executive Directors, namely, Mr. Cheng Yiu Tong G.B.M., G.B.S., J.P., Mr. Hui Chin Tong Godfrey, Mr. Sze-to Kin Keung, Mr. Wong Chun Man and Mr. Ye Longfei.