中昌國際
ZHONGCHANG INTERNATIONAL

ZHONGCHANG INTERNATIONAL HOLDINGS GROUP LIMITED
中昌國際控股集團有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 859)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2018

The board ("**Board**") of directors (the "**Directors**") of Zhongchang International Holdings Group Limited (the "**Company**") is pleased to announce the audited results of the Company and its subsidiaries (the "**Group**") for the nine months ended 31 December 2018, together with the comparative audited figures for the year ended 31 March 2018 which are set out as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**Nine months ended 31 December 2018** *HK$'000*	Year ended 31 March 2018 *HK$'000*
Revenue	5	**32,787**	47,241
Other gains and (losses), net	6	**4,235**	(169)
Net gain in fair value of investment properties		**19,200**	20,500
Staff costs		**(5,668)**	(10,373)
Depreciation of property, plant and equipment		**(655)**	(840)
Other operating expenses		**(10,768)**	(19,310)
Profit from operations	7	**39,131**	37,049

	Notes	Nine months ended 31 December 2018 HK$'000	Year ended 31 March 2018 HK$'000
Finance costs	8	**(18,304)**	(21,707)
Net gain on disposal of subsidiaries	9	**–**	5,375
Net gain on disposal of an investment property	10	**–**	4,950
Profit before taxation		**20,827**	25,667
Taxation	11	**(3,486)**	(4,965)
Profit for the period/year		**17,341**	20,702
Other comprehensive loss, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		**(102)**	(18)
Other comprehensive loss for the period/year, net of tax		**(102)**	(18)
Total comprehensive income for the period/year		**17,239**	20,684
Profit for the period/year attributable to the owners of the Company		**17,341**	20,702
Total comprehensive income for the period/year attributable to the owners of the Company		**17,239**	20,684
EARNINGS PER SHARE			
– Basic *(in HK cents)*	12	**1.54**	1.90
– Diluted *(in HK cents)*	12	**1.53**	1.89

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 31 December 2018** *HK$'000*	As at 31 March 2018 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,855**	2,858
Investment properties		**1,946,700**	1,927,500
		1,949,555	1,930,358
Current assets			
Trade and other receivables	14	**7,872**	2,808
Derivative financial instruments		**728**	19
Tax recoverables		**250**	121
Cash and bank balances		**1,015,021**	749,153
		1,023,871	752,101
Current liabilities			
Other payables, accruals and rental deposits received, current portion	15	**8,159**	8,788
Bank borrowings, current portion (secured)		**25,710**	17,100
Tax payables		**1,417**	79
		35,286	25,967
Net current assets		**988,585**	726,134
Total assets less current liabilities		**2,938,140**	2,656,492

	Notes	As at 31 December 2018 HK$'000	As at 31 March 2018 HK$'000
Non-current liabilities			
Other payables and rental deposits received, non-current portion	15	**8,240**	6,312
Bank borrowings, non-current portion (secured)		**814,160**	552,900
Convertible notes		**8,761**	8,037
Deferred tax liabilities		**10,671**	10,174
		841,832	577,423
Net assets		**2,096,308**	2,079,069
CAPITAL AND RESERVES			
Share capital		**112,502**	112,502
Reserves		**1,983,806**	1,966,567
Total equity		**2,096,308**	2,079,069

Notes:

1. GENERAL

The Company was incorporated in Bermuda on 16 December 1999 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended).

The Company acts as an investment holding company and the principal activities of the Group are property leasing and development and provision of property project management services.

The Company's shares (the "**Shares**") are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

At 31 December 2018, the controlling shareholder of the Company is Sansheng Hongye (Hong Kong) Limited ("**Sansheng Hongye**"), a company incorporated in Hong Kong.

2. CHANGE OF COMPANY NAME AND FINANCIAL YEAR END DATE

Following the passing of a special resolution at the special general meeting of the Company held on 24 May 2018, the English name of the Company was changed from "Henry Group Holdings Limited" to "Zhongchang International Holdings Group Limited" and "中昌國際控股集團有限公司" was adopted to replace its existing secondary name in Chinese "鎮科集團控股有限公司" which is used for identification purpose only.

In April 2018, the Board resolved to change the financial year end date of the Company from 31 March to 31 December effective from 31 December 2018 in order to align the financial year end date of the Company with that of the controlling shareholder of the Company, being Sansheng Hongye, and the ultimate holding company of the Company. The consolidated financial statements presented for the current period therefore cover a nine-month period from 1 April 2018 to 31 December 2018. The corresponding comparative amounts presented on the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and related notes, which are prepared for the period from 1 April 2017 to 31 March 2018, may not be comparable with amounts shown for the current period.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (the "**new and amendments to HKFRSs**") issued by the HKICPA that are relevant to its operations and effective for annual periods on or after 1 April 2018.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

(a) Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

Upon adoption this requirement under HKFRS 15 resulted in immaterial impact to the consolidated financial statements. Thus there was no impact on the Group's consolidated statement of financial position as of 1 April 2018.

(b) Impacts and changes in accounting policies of application of HKFRS 9 "Financial Instruments"

In the current period, the Group has applied HKFRS 9 Financial Instruments, Amendments to HKFRS 9 Prepayment Features with Negative Compensation and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, and (2) expected credit losses ("ECL") for financial assets and other items (for example, rental receivables).

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The impact of the change in impairment methodology is as follows:

Accordingly, certain comparative information may not be comparable as comparable information was prepared under HKAS 39 Financial instruments: Recognition and Measurement.

Summary of effects arising from initial application of HKFRS 9

Classification and measurement of financial assets and financial liabilities at amortised cost

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognized financial assets and financial liabilities that are within the scope of HKFRS 9 are subsequently measured at amortised cost except derivative financial instruments which are continued to be recognised at fair value under HKFRS 9 are financial assets at fair value through profit or loss.

Impairment under ECL model

Trade receivables

The Group applies HKFRS 9 simplified approach to measuring 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 has assessed the expected credit loss model applied to the trade receivables as at 1 April 2018 and the change in impairment methodologies did not have any material impact on the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

The adoption of expected credit loss model under HKFRS 9 did not have material impact on allowance for impairment of trade receivables calculated under HKAS 39.

ECL for other financial assets at amortised cost, including cash and bank balances and other receivables are assessed on 12-month ECL ("**12m ECL**") basis as there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. No impairment allowance was recognised at 1 April 2018.

New and amendments to HKFRSs in issue not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC) - Int 23	Uncertainty Over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2021

3 Effective for annual periods beginning on or after a date to be determined

4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

5 Effective for annual periods beginning on or after 1 January 2020

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all lessee by lessees, except for short-term leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents other operating lease payments as operating cash flows. Under HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and financing cash flows respectively.

In contrast to lessee accounting, HKFRS 16 substantially carried forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of approximately HK$1,814,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognize the cumulative effect of initial application to opening retained earnings without restating comparative information.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information.

Except disclosed above, the directors of the Company do not anticipate that the application of other new and revised HKFRSs will have a material impact on the Group's financial performance and financial positions.

4. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**) and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and by the disclosures requirements of the Hong Kong Companies Ordinance (Cap 622) ("**CO**").

5. REVENUE AND SEGMENT INFORMATION

	Nine months ended 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Gross rental income from investment properties in Hong Kong	**28,955**	47,241
Property project management services income in PRC under HKFRS 15 recognised over time	**3,832**	–
	32,787	47,241

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the board of directors, being the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

(i) Property investment – leasing of investment properties in Hong Kong

(ii) Property project management services – provision of property project management services in the People's Republic of China (the "**PRC**")

No segment revenue and results are presented for the provision of project management services as there is no revenue generated and expenses incurred for this segment during the year ended 31 March 2018.

No segment assets and liabilities are presented for the provision of project management services as there are no such assets and liabilities allocated to this segment as at 31 March 2018.

Information regarding the above segments is reported below.

Segment revenue and profit

	Segment revenue		**Segment profit**	
	Nine months ended 31 December 2018	Year ended 31 March 2018	**Nine months ended 31 December 2018**	Year ended 31 March 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Property investment	**28,955**	47,241	**26,255**	42,518
Property project management services	**3,832**	–	**2,482**	–
Total	**32,787**	47,241	**28,737**	42,518
Other gains and (losses), net			**796**	(1,092)
Interest income			**3,439**	923
Corporate and other unallocated expenses			**(13,041)**	(25,800)
Net gain in fair value of investment properties			**19,200**	20,500
Finance costs			**(18,304)**	(21,707)
Net gain on disposal of subsidiaries			**–**	5,375
Net gain on disposal of an investment property			**–**	4,950
Profit before taxation			**20,827**	25,667

Segment profit represents the profit earned by each segment without allocation of corporate and other unallocated expenses, other gains and loss, net interest income, net gain in fair value of investment properties, finance costs, net gain on disposal of subsidiaries and net gain on disposal of an investment property. This is the measure reported to the chief operating decision maker, for the purposes of resources allocation and performance assessment.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the period/year reported.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

At 31 December 2018

	Property investment	Property project management services	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment assets	**1,977,990**	**12,977**	**1,990,967**
Unallocated			**982,459**
Consolidated assets			**2,973,426**
Segment liabilities	**865,337**	**797**	**866,134**
Unallocated			**10,984**
Consolidated liabilities			**877,118**

At 31 March 2018

	Property investment	Total
	HK$'000	*HK$'000*
Segment assets	2,419,512	2,419,512
Unallocated		262,947
Consolidated assets		2,682,459
Segment liabilities	593,017	593,017
Unallocated		10,373
Consolidated liabilities		603,390

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than property, plant and equipment, other receivables, derivative financial instruments and cash and bank balances pertaining to non-operating group entities.

- all liabilities are allocated to operating segments other than other payables and accruals tax payables, convertible notes and deferred tax liabilities pertaining to non-operating group entities.

Other segment information

Nine months ended 31 December 2018

	Property investment *HK$'000*	**Property project management services** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Net gain in fair value of investment properties	**19,200**	**–**	**–**	**19,200**
Fair value gain of derivative financial assets component of convertible notes	**–**	**–**	**709**	**709**
Additions to non-current assets	**507**	**52**	**93**	**652**
Depreciation of property, plant and equipment	**(631)**	**(1)**	**(23)**	**(655)**

For the year ended 31 March 2018

	Property investment *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Net gain in fair value of investment properties	20,500	–	20,500
Fair value loss of derivative financial assets component of convertible notes	–	(3,199)	(3,199)
Additions to non-current assets	–	40	40
Depreciation of property, plant and equipment	(824)	(16)	(840)
Written-off of property, plant and equipment	(442)	–	(442)
Impairment loss on trade receivables	(25)	–	(25)
Net gain on disposal of subsidiaries	5,375	–	5,375
Net gain on disposal of an investment property	4,950	–	4,950

Geographical information

The following tables set out information about the Group's revenue from external customers by geographical locations, based on the location at which the properties are invested and services are provided. Information about its non-current assets is analysed by geographical location of assets.

	Revenue from external customers	
	Nine months ended 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Hong Kong	**28,955**	47,241
The PRC	**3,832**	–
	32,787	47,241

	Non-current assets	
	31 December 2018	31 March 2018
	HK$'000	*HK$'000*
Hong Kong	**1,949,504**	1,930,358
The PRC	**51**	–
	1,949,555	1,930,358

Information about major customers

There were no customers individually contributing over 10% of the revenue for the period/year reported.

6. OTHER GAINS AND (LOSSES), NET

	Nine months ended 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Bank interest income	**3,439**	923
Fair value gain/(loss) of derivative financial asset component of convertible notes	**709**	(3,199)
Reversal of impairment loss on trade receivables	**–**	58
Compensation received from tenants	**–**	398
Forfeiture of convertible note interest payable	**–**	1,536
Net exchange gain	**87**	–
Sundry income	**–**	115
	4,235	(169)

7. PROFIT FROM OPERATIONS

	Nine months ended 31 December 2018 HK$'000	Year ended 31 March 2018 HK$'000
Profit from operations is arrived at after charging/(crediting):		
Directors' emoluments	**962**	4,989
Other staff costs		
Salaries and allowances	**4,318**	5,074
Retirement benefit scheme contributions	**83**	96
Social security contribution	**224**	–
Other benefits in kind	**81**	214
	4,706	5,384
Total staff costs	**5,668**	10,373
Net exchange (gain)/loss	**(87)**	3
Auditors' remuneration		
– Audit services	**750**	750
– Non-audit services	**–**	430
Depreciation of property, plant and equipment	**655**	840
Written-off of property, plant and equipment	**–**	442
Impairment loss on trade receivables	**–**	25
Gross rental income from investment properties	**(28,955)**	(47,241)
Less: Direct operating expenses from investment properties that generated rental income during the period/year	**2,700**	4,723
	(26,255)	(42,518)

8. FINANCE COSTS

	Nine months ended 31 December 2018 HK$'000	Year ended 31 March 2018 HK$'000
Interest on bank borrowings		
– wholly repayable within five years	**16,005**	2,492
– wholly repayable after five years	**–**	11,688
Other finance costs	**1,435**	5,495
Effective interest expense on convertible notes	**864**	2,032
	18,304	21,707

9. NET GAIN ON DISPOSAL OF SUBSIDIARIES

On 13 December 2017, the Group disposed of the entire issued share capital of Seedtime International Limited for an aggregate consideration of HK$965,000,000 (subject to post-completion adjustments pursuant to the sales and purchase agreement entered on 13 July 2017). Based on the post-completion adjustments, the consideration was subsequently adjusted downwards from HK$965,000,000 to HK$963,307,000. The consolidated net assets of Seedtime International Limited and its subsidiary, Land Base Limited, at the date of disposal were as follows:

Consideration received:

	Year ended 31 March 2018 *HK$'000*
Cash received	963,307

Analysis of assets and liabilities over which control was lost:

	HK$'000
Investment properties	960,000
Trade receivables	1,720
Deposits and other receivables	266
Bank balances	1,447
Other payables, accruals and rental deposits received	(5,032)
Provision for litigation	(2,300)
Amount due to holding company	(182,162)
Tax payable	(94)
Deferred tax liabilities	(5,795)
Net assets disposed of	768,050

Net gain on disposal of subsidiaries:

	Year ended 31 March 2018 *HK$'000*
Consideration received	963,307
Assignment of amount due to holding company	(182,162)
Net assets disposed of	(768,050)
Transaction costs directly attributable to the disposal	(7,720)
Net gain on disposal of subsidiaries	5,375

10. NET GAIN ON DISPOSAL OF AN INVESTMENT PROPERTY

Net gain on disposal of an investment property arose from the completion of disposal of the investment property – House No. 12, Villa Bel-Air, Bel-Air on the Peak, Island South, Hong Kong at a consideration of HK$205,000,000 in August 2017.

	Year ended 31 March 2018 *HK$'000*
Sales proceeds	205,000
Less:	
– Carrying amount of an investment property	(198,000)
– Transaction costs directly attributable to the disposal of an investment property	(2,050)
Net gain on disposal of an investment property	4,950

11. TAXATION

	Nine months ended 31 December 2018 ***HK$'000***	Year ended 31 March 2018 *HK$'000*
Current tax		
Hong Kong		
– Provision for the period/year	**2,293**	2,493
– Under provision in prior years	**175**	1,363
	2,468	3,856
The People's Republic of China		
– Enterprise income tax	**521**	–
	2,989	3,856
Deferred taxation		
– Charged to the consolidated statement of profit or loss and other comprehensive income	**497**	1,109
	3,486	4,965

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The Group is subject to Hong Kong Profit Tax at a rate of 16.5% for the year ended 31 March 2018.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 April 2008 onwards.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Nine months ended 31 December 2018 *HK$'000*	Year ended 31 March 2018 *HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share	**17,341**	20,702
Effects of dilutive potential ordinary shares		
Effective interest expenses on convertible notes, net of tax	**744**	–
Fair value gain on the derivative financial asset component of convertible notes	**(709)**	–
Earnings for the purpose of diluted earnings per share	**17,376**	20,702

	Nine months ended 31 December 2018 *'000*	Year ended 31 March 2018 *'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,125,027**	1,088,148
Effects of dilutive potential ordinary shares:		
(i) Share options	**–**	4,421
(ii) Convertible notes	**13,716**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,138,743**	1,092,569

The diluted earnings per share for the nine months ended 31 December 2018 and for the year ended 31 March 2018 were calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 31 March 2018, the outstanding share options were assumed to have been converted into ordinary shares.

For the year ended 31 March 2018, the Company's outstanding convertible notes were not included in the calculation of diluted earnings per share because the effect of which were anti-dilutive.

13. DIVIDENDS

The Directors do not recommend dividend for the nine months ended 31 December 2018 (for the year ended 31 March 2018: Nil).

14. TRADE AND OTHER RECEIVABLES

	31 December 2018	31 March 2018
	HK$'000	*HK$'000*
Rental receivables	**1,784**	1,383
Property project management service receivables	**3,957**	–
	5,741	1,383
Less: Impairment loss on trade receivables	**–**	–
	5,741	1,383
Other receivables and prepayments	**2,131**	1,425
	7,872	2,808

(i) Rentals and deposits are receivable in advance from tenants pursuant to the Group's lease agreements entered into with all tenants.

The Group maintains a defined and restricted credit policy to assess the credit quality of each counterparty or tenant. The collection is closely monitored to minimise any credit risk associated with these trade receivables. The trade receivables mainly consist rental receivables. The rental receivables are payable in advance by tenants.

(ii) The trade receivables included in trade and other receivables mainly consist of (i) rental receivables; and (ii) receivables on property project management service income. Rentals and deposits are payable in advance by tenants. The ageing analysis of the Group's rental receivables are as follows:

	As at 31 December 2018 *HK$'000*	As at 31 March 2018 *HK$'000*
Effective rental receivables (0 days)	**1,690**	1,220
Up to 30 days	**94**	163
	1,784	1,383

(iii) As disclosed in the announcement of the Company dated 21 August 2018 and the circular of the Company dated 13 September 2018, the project management fee shall be payable within 12 days from end of each quarter based on the quarterly construction progress report pursuant to the project management master agreement entered into between 佛山銘舟工程管理諮詢有限公司 (Foshan Mingzhou Construction Management Consultancy Company Limited*, "**Mingzhou Consultancy**"), an indirect wholly-owned subsidiary of the Company and Shanghai Sansheng Hongye Investment (Group) Company Limited* ("**Shanghai Sansheng**", holding company of the controlling Shareholder) in relation to the provision of project management services (the "**Project Management Master Agreement**").

The ageing analysis of the Group's property project management service receivables are as follow:

	As at 31 December 2018 *HK$'000*	As at 31 March 2018 *HK$'000*
0-30 days	**3,957**	–

15. OTHER PAYABLES, ACCRUALS AND RENTAL DEPOSITS RECEIVED

	As at 31 December 2018 *HK$'000*	As at 31 March 2018 *HK$'000*
Rental deposits received	**11,505**	10,075
Accruals and other payables	**3,948**	4,837
	15,453	14,912
Advance rental received	**946**	188
	16,399	15,100
Less: Other payables and rental deposits received – Non-current portion	**(8,240)**	(6,312)
	8,159	8,788

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

On behalf of the Board, I present the audited annual results of the Company and its subsidiaries (the "**Group**") for the nine months period from 1 April 2018 to 31 December 2018 (the "**Reporting Period**")

During the Reporting Period and particularly in the second half of 2018, the global economy had been volatile due to (i) the US interest rate hikes; (ii) the escalating trade tensions between the US and the PRC; (iii) the depreciation of the Renminbi against the US dollar; and (iv) the growing possibility of Brexit. In contrast, the PRC economy remained on track and manageable and the PRC government had taken a supportive policy to encourage internal consumption in order to encounter the effects of the trade dispute between the US and the PRC, such as reduction in the bank's reserve requirement ratios to increase money supply in financial system.

Led by a satisfactory level of local consumption and a rising visitor arrivals, overall retail market in Hong Kong demonstrated a modest improvement during the Reporting Period. It is expected that the retail market in Hong Kong will continue to record a strong demand as supported by the rising household income and a consistently low unemployment rate. Benefiting from the strong retail demand resulted from the recovery of retail market in Hong Kong, the Group was able to lease out most of its investment properties by renewals of the existing lease contracts and entering into new lease contracts during the Reporting Period.

We believe the prospect of the Hong Kong economy will remain positive as it plays a greater role in the development of the Belt and Road Initiative and Greater Bay Area as well as various strategic infrastructure projects, such as Hong Kong Zhuhai-Macau Bridge which connects Zhuhai with Hong Kong and Macau to form a tourism hub offering sightseeing, gaming and theme parks. The Group will continue to consolidate and strengthen its investment property portfolio with a view to enhancing the Group's profitability.

During the Reporting Period, the Group expanded into the property project management business in the PRC and invested in two property development projects in the PRC. In view of the stable economy in the PRC, we are positive about the prospect of the property market in the PRC and will continue to identify property investment opportunities in the Greater Bay Area and the Yangtze River Delta Area by way of acquisitions, public tenders and cooperation with other parties.

Finally, I would like to express my sincere gratitude to all fellow directors and staff for their dedication and contribution, and to the Shareholders and business partners for their support.

REVIEW OF OPERATIONS

In December 2017, Sansheng Hongye became the controlling shareholder of the Company and since then, the Group has continued to consolidate and strengthen its investment property portfolio in Hong Kong while simultaneously seeking new opportunities in the real estate sector in the PRC to broaden its source of revenue and earnings base by leveraging on the controlling shareholder's successful experience and brand recognition in the PRC. In particular, the Group expanded into the property project management business by entering into the Project Management Master Agreement in October 2018. In December 2018 and February 2019, the Group entered into agreements to acquire a 100% interest in a property development project in Zhenjiang (the "**Zhenjiang Acquisition**") and a non-controlling interest of a property development project (the "**Jinhua Acquisition**") in Jinhua City the PRC respectively from Sanshenghongye (BVI) Holdings Limited ("**Sansheng BVI**"), a wholly-owned subsidiary of Sansheng Hongye. The Zhenjiang Acquisition was completed in March 2019 while the Jinhua Acquisition is expected to complete by April 2019. Please refer to the disclosures below for detailed information.

During the Reporting Period, the Group's investment properties recorded an occupancy rate of 100% and increase in average rental price compared to last financial year. The steady rental income contributed a significant portion to the Group's revenue, while the provision of property project management services enabled the Group to enlarge its revenue base. The Group will continue to consolidate and strengthen its investment property portfolio and at the same time proactively promote the property project management business with a view to enhancing the Group's profitability.

Property leasing business

Benefiting from the improved retail market sentiment, the investment property portfolio of the Group recorded a strong rental demand and committed an occupancy rates of 100%. During the Reporting Period, the Group recorded gross rental income from investment properties amounted to approximately HK$29.0 million as compared to approximately HK$47.2 million for the full year in last financial year. The decrease was mainly due to (i) the disposals of two investment properties in 2017; and (ii) the current Reporting Period covered a nine-month period only. Jardine Center, being the core investment properties of the Group which contributed approximately 77.5% of the total rental revenue of the Group for the Reporting Period.

Set out below is a table summarising the valuation and revenue contribution of the investment property portfolio of the Group for the Reporting Period.

	Valuation of investment properties as at 31 December 2018 *HK$'000*	**Revenue from 1 April 2018 to 31 December 2018** *HK$'000*	Revenue for the year ended 31 March 2018 *HK$'000*	**Changes** %
Causeway Bay				
Jardine Center, No. 50 Jardine's Bazaar	**1,500,000**	**22,438**	27,359	(18.0)
Ground Floor and Cockloft Floor, No. 38 Jardine's Bazaar	**103,000**	**1,753**	2,274	(22.9)
First Floor, Nos. 38 and 40 Jardine's Bazaar	**14,700**	**262**	384	(31.8)
Ground Floor including Cockloft, No. 41 Jardine's Bazaar	**137,000**	**1,948**	2,532	(23.1)
Ground Floor, No. 57 Jardine's Bazaar	**140,000**	**2,307**	3,192	(27.7)
Mid-levels West				
Shop No. 1 on Ground Floor of K.K. Mansion, Nos. 119, 121, 125 Caine Road	**52,000**	**247**	–	N/A
Sub-total	**1,946,700**	**28,955**	35,741	(19.0)
Disposed properties				
L'hart, No.487-489 Lockhart Road, Causeway Bay	**–**	**–**	10,692	(100)
House No. 12, Villa Bel-Air, Bel-Air on the Peak	**–**	**–**	808	(100)
Total	**1,946,700**	**28,955**	47,241	(38.7)

The valuation of the investment properties of the Group amounted to HK$1,946.7 million as at 31 December 2018 (31 March 2018: HK$1,927.5 million). Unrealized fair value gains on investment properties amounted to HK$19.2 million (31 March 2018: HK$20.5 million). The increase in the valuation was mainly due to (i) recovery of the retail market in Hong Kong; (ii) the prime locations of the Group's investment properties (majority of which are located at the centre of Causeway Bay); and (iii) the properties are with committed rent rolls and a solid and healthy tenant mix.

Thanks to our loyal tenants collaborating with us to build up the retail portfolio which has proven with great success by the increasing popularity of Jardine Center via various online platforms (such as Openrice, Eat and Travel Weekly, Eatigo, etc.) among local Hong Kongers and tourists. The Group strives to refine and curate its tenant mix, by understanding and fulfilling our valued tenant's and consumer's needs, in turn our initiatives aim at accommodating the various business operators to create a sustainable community in the city. The composition of our tenants' trade diversity is being well optimized in the proportion of 30% beauty and healthy service, 50% celebrated Asian delicacies and 20% retail of mid-priced to affordable items retailers, including women fashion, grocery, pharmacies, health and personal care products as well as cosmetics. For the retail-tenants category, the Group recruited a newly-joined best-known one-stop personal care and healthy store brand – Watsons which was opened at our property located at Shop No.1 on Ground Floor of K.K. Mansion, Nos 119, 121 & 125 Caine Road in the end of October 2018. For the food and beverage tenant category, Jardine Center clusters various celebrated Asian delicacies, such as Chinese Sichuan-style hot pot (Xiao Yu Hotpot Restaurant, Chili Party), Japanese Top-ranked Omakase (Maizuru, Tenzen) and Meat Cuisine Hiro as well as Korean cuisine (Hungry Korean). The rising importance of self-image and increasing health-conscious population have driven the rapid expansion of beauty service market in Hong Kong. Our shops at Jardine Center on above ground floor level with gross floor area of about 2,000 sq. ft. were able to ride on this opportunity of high demand from typical traditional beauty service operators targeting mid-to-high level consumer, for example, the Group entered into new lease contracts with certain well-established beauty services tenants such as Kan's Beauty, Hygge Spa and Victorica Medical Beauty during the Reporting Period.

Property project management business

As disclosed in the announcement of the Company dated 21 August 2018 and the circular of the Company dated 13 September 2018, the Group started to engage in property project management business by entering into the Project Management Master Agreement. Pursuant to the Project Management Master Agreement, Mingzhou Consultancy and its subsidiaries may enter into individual project management agreement to provide project management services for the real estate projects in the PRC owned and developed by Shanghai Sansheng and its subsidiaries. To prepare for that, Mingzhou Consultancy recruited a professional team with relevant qualifications and expertise and set up an office in Guangzhou, the PRC. The Board is of the view that the real estate project management business in the PRC has a positive prospect and capitalizing on this opportunity will enable the Group to achieve better growth potential and broaden its source of revenue. In October 2018, the Group commenced the project management business in respect of four real estate projects located in Foshan, Jiangmen and Huizhou, the PRC. During the Reporting Period, the Group recorded income for provision property project management services of approximately HK$3.8 million (for the year ended 31 March 2018: Nil).

Property development business

The Zhenjiang Acquisition

As disclosed in the announcement of the Company dated 9 December 2018 and the circular of the Company dated 10 January 2019, the Group entered into an agreement with Sansheng BVI to acquire the entire issued capital of High Morality Limited, which indirectly holds a land located in Zhenjiang City, Jiangsu Province, the PRC at a consideration of approximately RMB194.9 million.

The land is located at one of the central cities of the Yangtze River Delta Area with easy access to major cities such as Nanjing and Shanghai. Adjacent to community resources such as academic institutions, municipal offices, ecological parks, shopping malls and a hospital, the land is situated at the high-end residential district in Zhenjiang City and is planned to be developed into a mixed-used residential and commercial development in three phases with total gross floor area of about 160,000 sq.m., including residential area of about 151,400 sq.m., commercial area of about 3,900 sq.m. and education area of about 2,400 sq.m.. Development of Phase I of the project commenced in March 2019 and is expected to complete by March 2021, development of Phase II of the project commenced in April 2019 and complete in June 2021 and development of Phase III of the project is expected to commence in June 2019 and complete by September 2021. Following completion of the Zhenjiang Acquisition in March 2019, the Group commenced Phase I development of the land and consider it as the core development project of the Group.

The Directors are positive about the prospects of the property market in Zhenjiang City and expect the Zhenjiang Acquisition can generate satisfactory return to the Group and the Shareholder as a whole.

The Jinhua Acquisition

As disclosed in the announcements of the Company dated 4 February 2019 and 7 March 2019 and the circular of the Company dated 8 March 2019, the Group entered into an agreement with Sansheng BVI to acquire (i) a 49% of the issued share capital of Yitai International (BVI) Holdings Ltd (the "**Target**"), a company holds an indirect interest of 99% in a project company which in turn holds a land in Jinhua City, Zhejiang Province, the PRC; and (ii) a loan in the principal amount of RMB48.51 million owed by a subsidiary of the Target from Sansheng BVI's related party at a consideration of approximately RMB255.6 million.

The land is being developed into a mixed-use residential and commercial development under the brandname of "頤景園" in two phases with a total gross floor area of approximately 337,530 sq.m., including residential area of approximately 195,100 sq.m., commercial area of approximately 50,200 sq.m. and basement (inclusive of car parking spaces) of approximately 88,600 sq.m.. Development of Phase I of the project commenced in April 2018 and is expected to complete by end of 2020, while development of Phase II of the project commenced in mid 2018 and is expected to complete by early 2021. Pre-sale of Phase I of the project was launched in July 2018 and was well received by the market. These contracted sales will be recognised by the Target as revenue in 2020 upon completion of development of Phase I of the project. Pre-sale of Phase II of the Project is expected to be launched in the first quarter of 2019 and further revenue is expected to be recognised therefrom by the Target in early 2021 upon completion of development of Phase II.

In light that the project was well received by the market, the Directors consider the return offered by the Jinhua Acquisition will be quick and promising, which can enable the Group to fill the gap before the investment return from the Zhenjiang Acquisition can be materialised.

PROSPECTS

Looking forward to 2019, the international and local markets are expected to be cloudy due to uncertainties such as the US interest rate hike, volatile stock markets, weak RMB and escalating trade tension between the US and the PRC. The Group is well aware of the challenges ahead and will closely monitor the global market. In spite of the above, the market expects the PRC's real GDP growth rate still can be 6% in 2019. It is expected that the PRC government will continuously put efforts on "seek progress while maintaining stability" strategy to ensure a steady growth.

The Group is positive about its business development in 2019. In particular, the core property leasing business will be supported by increasing tourists brought by Guangzhou-Shenzhen-Hong Kong Express Rail Link. The Greater Bay Area development plan announced earlier also lifts up Hong Kong's growth and attracts larger tourist flows from the neighbouring cities to Hong Kong. Regarding the Group's expansion of its coverage into the PRC, the recent reviving of the real estate market proved that the Group's strategic entry into the PRC market was a successful move. It is expected that the PRC real estate market can be further supported by favourable policies towards real estate sector, especially for first-home buyers in cities.

In 2019, the Group will build on its strengths and explore new growth drivers. The Group aims to optimally allocate resources into its existing robust operations and new businesses for the continued prosperity and growth of the Group. The Company will continue to evaluate investment opportunities in different property projects with a view to optimising the Group's property project portfolio strengthening its investment property portfolio and maximising returns. The primary focus of the Group is to identify property investment opportunities in the Greater Bay Area and the Yangtze River Delta Area by way of acquisitions, public tenders and cooperation with other parties.

FINANCIAL REVIEW

The Group's revenue for the nine months ended 31 December 2018 was approximately HK$32.8 million (year ended 31 March 2018: approximately HK$47.2 million). It comprised of (i) gross rental income from investment properties; and (ii) property project management services. The decrease in revenue was primarily attributable to the adverse effect of disposal of two investment properties and shorter Reporting Period for only nine months.

Other gains and losses for the period increased by approximately HK$4.4 million to approximately HK$4.2 million (year ended 31 March 2018: other losses of approximately HK$169,000). The increase was mainly due to (i) an increase in bank interest income; and (ii) a fair value gain on derivative financial instruments recognised during the period.

Staff cost comprised salaries, directors' fees and retirement benefit costs. During the period, the staff cost decreased by approximately 45.4% was due to the reduction in directors' remuneration.

The composition of other operating expenses by nature mainly classified as follows:

	Nine months ended 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Investment properties operating costs	**2,700**	5,338
Corporate compliance professional fees	**5,439**	7,174
General administrative costs	**2,629**	6,798
	10,768	19,310

Investment properties operating costs mainly comprised of repair and maintenance costs; commission incurred for new lettings and statutory property-related costs. The decrease in such costs was due to the disposal of two investment properties during the year ended 31 March 2018.

Corporate compliance professional fees incurred for the period mainly related to the major corporate events included (i) change of company name announced on 29 June 2018; (ii) new bank borrowings raised announced on 15 June 2018; and (iii) continuing connected transaction regarding Project Management Master Agreement announced on 21 August 2018.

As at 31 December 2018, the investment properties of the Group were revalued at approximately HK$1,946.7 million (31 March 2018; HK$1,927.5 million) by an independent professional valuer. During the period, fair value gains on investment properties of HK$19.2 million was recognised in the statement of profit or loss and other comprehensive income.

Finance costs for the Reporting Period was decreased by approximately 15.7% to approximately HK$18.3 million (year ended 31 March 2018: approximately HK$21.7 million). The decrease was primarily attributable to (i) reduction of effective interest expenses on convertible notes after substantial conversion made in the last financial year; and (ii) reduction of bank loan arrangement fees during the Reporting Period.

Net profit attributable to owners of the Company was approximately HK$17.3 million (year ended 31 March 2018: approximately HK$20.7 million), representing a decrease of approximately HK$3.4 million as compared with those of year ended 31 March 2018. The decrease in net profit was primarily due to a shorter Reporting Period for only nine months comparing to a full year of last financial year.

Liquidity and Financial Resources

The Group mainly finances its business operations with its internal resources and bank borrowings. As at 31 December 2018, the Group had cash and bank balances (including bank deposits) of approximately HK$1,015.0 million (31 March 2018: approximately HK$749.2 million), of which approximately 44.1% were deposited with banks in Hong Kong and the remaining of approximately 55.9% were deposited with banks in the PRC. The increase in cash and bank balances was mainly attributable to the increase in bank borrowings of approximately HK$287.0 million during the period. The Group's cash and bank balances were deposited in Hong Kong Dollars ("**HKD**") and Renminbi ("**RMB**") which mainly were preserved in risk-free bank deposits to maintain highly liquidity financial resources available for facilitating future investment activities and acquisitions when opportunities arise.

As at 31 December 2018, the Group's bank borrowings of approximately HK$839.9 million (31 March 2018: HK$570 million) all denominated in HKD and carry interest at Hong Kong Interbank Offer Rate (HIBOR) plus a margin with maturity profile set out as follows:

	31 December 2018 *HK$'000*	31 March 2018 *HK$'000*
Repayable		
Within one year	**25,710**	17,100
Within a period of more than one year but within two years	**25,710**	17,100
Within a period of more than two years but within five years	**788,450**	535,800
	839,870	570,000

The Group's gearing ratio as at 31 December 2018, which is calculated on the basis of total liabilities over total assets, was approximately 29.5% (31 March 2018: approximately 22.5%) whilst the current ratio of the Group which expressed a ratio of current assets over current liabilities as at 31 December 2018, was approximately 29.0 (31 March 2018: approximately 29.0). The Group will continue to adopt a prudent financial policy so as to sustain an optimal level of borrowings to meet its funding requirements.

Capital Structure

As at 31 December 2018, the issued share capital of the Company was 1,125,027,072 shares. During the Reporting Period, there was no movement of the issued share capital of the Company.

As at 31 December 2018, the audited net assets amounted to approximately HK$2,096.3 million (31 March 2018: approximately HK$2,079.1 million), representing an increase of approximately 0.8%. With the total number of 1,125,027,072 ordinary shares in issue as at 31 December 2018, the net assets value per share was approximately HK$1.86 (as at 31 March 2018: approximately HK$1.85).

Treasury Policy

The Group's transactions and its monetary assets are principally denominated in HKD and RMB. The Group regularly reviews its major funding positions to assure that it has adequate financial resources in meeting its financial obligations.

DIVIDEND

The Directors do not recommend any dividend for the nine months ended 31 December 2018 (for the year ended 31 March 2018: Nil)

CORPORATE GUARANTEE

As at 31 December 2018, the Company provided corporate guarantee of HK$857,000,000 (31 March 2018: HK$570,000,000) which was given to a bank for securing banking facilities granted to its subsidiary.

CHARGES ON GROUP ASSETS

As at 31 December 2018, the Group has pledged the following assets:

(1) Legal charges over certain investment properties in Hong Kong with an aggregate carrying amount of HK$1,653,000,000 (31 March 2018: HK$1,763,000,000) for securing certain bank borrowings granted from several banks to its wholly-owned subsidiaries;

(2) Share mortgage of several subsidiaries for securing their respective bank borrowings; and

(3) Rent assignments in respect of the investment properties held by the Group.

CONTINGENT LIABILITIES

Under the agreement for sale and purchase of share in and debts owed by Seedtime International Limited signed between the Company, Rose City Group Limited (the "**Vendor**") and Prime Magic Holdings Limited (the "**Purchaser**") on 13 July 2017, the Company acts as guarantor in favour of the Purchaser for the disposal of entire issued share capital of Seedtime International Limited, which was completed on 13 December 2017.

The Company irrevocably and unconditionally guarantees to the Purchaser the due and punctual observance and performance by the Vendor of all its obligations undertaken in the agreement and the Vendor's warranties; and undertakes that if for any reason the Vendor fails to observe or perform any of such obligations and/or is in breach of any Vendor's warranties, it shall on demand observe or perform or procure the Vendor to observe or perform the same in respect of which the Vendor shall be in default and make good to the Purchaser and indemnify and hold harmless the Purchaser against all reasonable losses, damages, costs and expenses arising or incurred by the Purchaser as a result of such non-observance or non-performance.

As at 31 December 2018, there was no relevant claims reported.

Save as disclosed aforesaid, the Group did not have any significant contingent liabilities as at 31 December 2018.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the Reporting Period, Agile Scene Limited (an indirect wholly-owned subsidiary of the Company, as purchaser), Sansheng BVI (as vendor) and 上海三盛宏業投資 (集團) 有限責任公司 (Shanghai Sansheng Hongye Investment (Group) Company Limited*, as vendor's guarantor) entered into a sale and purchase agreement and a supplemental deed in relation to the Jinhua Acquisition, which is expected to complete by April 2019.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2018, the Group had 31 employees. The Group offers its employees competitive remuneration packages which commensurate with their performance, experience and job responsibilities. The Group also provides other benefits including but not limited to medical insurance, discretionary bonus, share options and mandatory provident fund schemes.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted a corporate governance code prepared based on the code provisions (the "**Code Provisions**") of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") from time to time as the guidelines for corporate governance of Company. Save as disclosed, the Company has complied with the CG Code throughout the Reporting Period. Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the Reporting Period, Mr. Wang Junyong was the Chairman of the Company, while the duties and responsibilities of the chief executive officer were taken up by the executive committee of the Company (the "**Executive Committee**"), which comprised Mr. Wang Junyong (chairman), Mr. Fan Xuerui, Mr. Sun Meng and Ms. Li Guang, all being the executive Directors of the Company. The Board believes that this structure spreads the workload that would otherwise been borne by an individual chief executive, allowing contributions from executive Directors with different expertise, and considers that this structure will not impair the balance of power and authority between the Board and the management of the Company.

DIRECTORS' SECURITIES TRANSACTIONS COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules ("**Model Code**") as its own code of conduct regarding Directors' securities transactions. Following specific enquiry by the Company, all the Directors have confirmed that they have fully complied with the Model Code for the Reporting Period under review.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the nine months ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited ("**HLB**"), to the amounts set out in the Group's audited consolidated financial statements for the period. The work performed by HLB in this respect did not constitute an 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 HKICPA and consequently no assurance has been expressed by HLB on the preliminary announcement.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely, Mr. Hung Ka Hai Clement (Chairman of the Audit Committee), Mr. Liew Fui Kiang and Mr. Wong Sai Tat. The Audit Committee had reviewed and discussed with management the accounting standards and practices adopted by the Group, risk and internal controls and financial reporting matters and have reviewed the audited consolidated financial statements for the nine months ended 31 December 2018 (which have been agreed by the Group's auditors) as set out in this announcement.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save for the Zhenjiang Acquisition, there was no other significant investment, material acquisition and disposal during the Reporting Period.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting of the Company ("**AGM**"), the register of members of the Company will be closed from Tuesday, 21 May 2019 to Friday, 24 May 2019 (both dates inclusive), during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:30 p.m. on Monday, 20 May 2019.

CHANGES OF DIRECTORS' INFORMATION

During the period and up to date of announcement, the following changes in the Composition of the Board took place:

i) the appointment of Mr. Lai Hing Kwok as executive Director with effect from 6 September 2018; and

ii) the resignation of Mr. Sun Feng as executive Director and the appointment of Ms. Li Guang as executive Director with effect from 23 October 2018.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Company at www.zhongchangintl.hk and the website of The Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The annual report and the notice of annual general meeting will be despatched to the Shareholders and will be available on the above websites in due course.

By Order of the Board
Zhongchang International Holdings Group Limited
Fan Xuerui
Executive Director

Hong Kong, 22 March 2019

As at the date of this announcement, the Board comprises Mr. Wang Junyong (Chairman), Mr. Fan Xuerui, Mr. Sun Meng, Ms. Li Guang and Mr. Lai Hing Kwok as executive Directors; and Mr. Hung Ka Hai Clement, Mr. Liew Fui Kiang and Mr. Wong Sai Tat as independent non-executive Directors.