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 UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

UNAUDITED CONSOLIDATED RESULTS

As set out under "Review of Unaudited Annual Results", the auditing process for the annual results of Zhongchang International Holdings Group Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") has not been completed. In the meantime, the board of directors (the "**Board**") of the Company has approved in the Board meeting on 27 March 2020 the unaudited consolidated results of the Group for the year ended 31 December 2019 ("**Reporting Period**"), together with the comparative audited figures for the nine months ended 31 December 2018 which have been reviewed by the audit committee of the Company and are set out as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**(Unaudited) Year ended 31 December 2019** *HK$'000*	(Audited) Nine months ended 31 December 2018 *HK$'000*
Revenue	4	**44,976**	32,787
Other (loss)/income, net	5	**(103)**	4,235
Net (loss)/gain in fair value of investment properties		**(25,100)**	19,200
Staff costs		**(15,788)**	(5,668)
Depreciation of property, plant and equipment		**(998)**	(655)
Depreciation of right-of-use assets		**(1,475)**	–
Impairment loss under expected credit loss model		**(15,453)**	–
Other operating expenses		**(29,076)**	(10,768)

	Notes	**(Unaudited) Year ended 31 December 2019** ***HK$'000***	(Audited) Nine months ended 31 December 2018 *HK$'000*
(Loss)/profit from operations	6	**(43,017)**	39,131
Share of results of an associate		**(1,789)**	–
Impairment loss on investment in an associate		**(26,121)**	–
Finance costs	7	**(23,450)**	(18,304)
(Loss)/profit before taxation		**(94,377)**	20,827
Taxation	8	**(410)**	(3,486)
(Loss)/profit for the year/period		**(94,787)**	17,341
Other comprehensive loss, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		**(18,227)**	(102)
Other comprehensive loss for the year/period, net of tax		**(18,227)**	(102)
Total comprehensive (loss)/income for the year/period		**(113,014)**	17,239
(Loss)/profit for the year/period attributable to the owners of the Company		**(94,787)**	17,341
Total comprehensive (loss)/income for the year/period attributable to the owners of the Company		**(113,014)**	17,239
(LOSS)/EARNINGS PER SHARE			
– Basic *(in HK cents)*	9	**(8.43)**	1.54
– Diluted *(in HK cents)*	9	**(8.43)**	1.53

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**(Unaudited) As at 31 December 2019** *HK$'000*	(Audited) As at 31 December 2018 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,147**	2,855
Right-of-use assets		**4,384**	–
Investment properties		**1,921,600**	1,946,700
Investment in an associate		**206,001**	–
Financial assets at fair value through profit or loss		**31,615**	–
Deferred tax assets		**6,970**	–
		2,172,717	1,949,555
Current assets			
Properties for sale		**843,117**	–
Trade and other receivables, deposits and prepayments	11	**472,225**	7,872
Amount due from an associate		**44,697**	–
Derivative financial instruments		**89**	728
Tax recoverables		**664**	250
Cash and bank balances		**205,947**	1,015,021
		1,566,739	1,023,871
Current liabilities			
Trade and other payables, deposits and accrued expenses	12	**129,043**	8,159
Lease liabilities		**1,689**	–
Bank and other borrowings		**591,750**	25,710
Convertible notes		**9,845**	–
Tax payables		**3,284**	1,417
		735,611	35,286

	Notes	(Unaudited) As at 31 December 2019 HK$'000	(Audited) As at 31 December 2018 HK$'000
Net current assets		**831,128**	988,585
Total assets less current liabilities		**3,003,845**	2,938,140
Non-current liabilities			
Other payables and deposits	12	**7,494**	8,240
Lease liabilities		**2,841**	–
Bank and other borrowings		**999,190**	814,160
Convertible notes		**–**	8,761
Deferred tax liabilities		**11,026**	10,671
		1,020,551	841,832
Net assets		**1,983,294**	2,096,308
CAPITAL AND RESERVES			
Share capital		**112,502**	112,502
Reserves		**1,870,792**	1,983,806
Total equity		**1,983,294**	2,096,308

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Convertible notes equity reserve HK$'000	Contributions from shareholder HK$'000 (note)	Retained profits HK$'000	Total HK$'000
At 1 April 2018 (audited)	112,502	168,300	9,628	(18)	5,619	233,606	1,549,432	2,079,069
Profit for the period	–	–	–	–	–	–	17,341	17,341
Other comprehensive loss, net of income tax: Items that may be reclassified subsequently to profit or loss: Exchange difference on translating foreign operations	–	–	–	(102)	–	–	–	(102)
Total comprehensive (loss)/income for the period	–	–	–	(102)	–	–	17,341	17,239
At 31 December 2018 and 1 January 2019 (audited)	112,502	168,300	9,628	(120)	5,619	233,606	1,566,773	2,096,308
Loss for the year	–	–	–	–	–	–	(94,787)	(94,787)
Other comprehensive loss, net of income tax: Items that may be reclassified subsequently to profit or loss: Exchange difference on translating foreign operations	–	–	–	(18,227)	–	–	–	(18,227)
Total comprehensive loss for the year	–	–	–	(18,227)	–	–	(94,787)	(113,014)
Transfer upon dissolution of a subsidiary *(note)*	–	–	–	–	–	(233,606)	233,606	–
At 31 December 2019 (unaudited)	**112,502**	**168,300**	**9,628**	**(18,347)**	**5,619**	**-**	**1,705,592**	**1,983,294**

Note:

The contributions from shareholder represent the aggregation of discount on acquisition of an indirect wholly-owned subsidiary, Uptodate Management Limited ("**Uptodate**"), with the amount of approximately HK$233,606,000 from one former controller shareholder – Mr. Ng Chun For, Henry.

During the Reporting Period, Uptodate was dissolved and its attributable contributions from shareholder of approximately HK$233,606,000 were transferred to retained profits.

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) and its shares are listed on The Stock Exchange of Hong Kong Limited.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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. The consolidated financial statements presented for the previous period therefore cover a nine-month period from 1 April 2018 to 31 December 2018. The amounts presented on the consolidated statement of profit or loss and other comprehensive income and related notes for the Reporting Period may not be comparable with amounts shown for the previous period.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") 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 Hong Kong Companies Ordinance (Cap 622).

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current year, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA.

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

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior period and/or on the disclosures set out in the consolidated financial statements.

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("**HKAS 17**"), and the related interpretations. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets. The lessor accounting requirements are substantially unchanged from HKAS 17.

Definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities ranged from 4.75% to 5.23%.

The following table reconciles the operating lease commitments disclosed as at 31 December 2018 to the lease liabilities as at 1 January 2019.

	At 1 January 2019 *HK$'000*
Operating lease commitments disclosed as at 31 December 2018	1,419
Add: Lease liabilities resulting from lease modifications of existing leases	359
Less: Practical expedient – leases with lease term ending within 12 months from the date of initial application	(837)
Effect from discounting at the incremental borrowing rules as at 1 January 2019	(53)
Lease liabilities as at 1 January 2019	888
Analysed as	
Current	411
Non-current	477
	888

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 *HK$'000*	**Capitalisation of operating lease contracts** *HK$'000*	**Carrying amounts under HKFRS 16 at 1 January 2019** *HK$'000*
Non-current assets			
Right-of-use assets	–	888	888
Current liabilities			
Lease liabilities	–	411	411
Non-current liabilities			
Lease liabilities	–	477	477

New and amendments to HKFRSs in issue but 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 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
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[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.
2 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.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The Group anticipate that the application of all these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE AND SEGMENT INFORMATION

	(Unaudited) Year ended 31 December 2019	(Audited) Nine months ended 31 December 2018
	HK$'000	*HK$'000*
Gross rental income from investment properties in Hong Kong	**39,179**	28,955
Property project management services income in the People's Republic of China (the "**PRC**") under HKFRS 15 recognised over time	**5,797**	3,832
	44,976	32,787

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 located in Hong Kong

(ii) Property development in the PRC

(iii) Property project management services – provision of property project management services in the PRC, which has been suspended since October 2019.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

Year ended 31 December 2019 (unaudited)

	Property investment *HK$'000*	**Property project management services** *HK$'000*	**Property development** *HK$'000*	**Total** *HK$'000*
Revenue from other sources				
– Rental income	**39,179**	**–**	**–**	**39,179**
Revenue from contract with customers				
– Recognised over time	**–**	**5,797**	**–**	**5,797**
Segment revenue	**39,179**	**5,797**	**–**	**44,976**
Segment results	**32,541**	**2,118**	**(16,877)**	**17,782**
Other loss, net				**(103)**
Corporate and other unallocated expenses				**(35,596)**
Net loss in fair value of investment properties				**(25,100)**
Share of results of an associate				**(1,789)**
Impairment loss on investment in an associate				**(26,121)**
Finance costs				**(23,450)**
Loss before taxation				**(94,377)**

Nine months ended 31 December 2018 (audited)

	Property investment *HK$'000*	Property project management services *HK$'000*	Total *HK$'000*
Revenue from other sources			
– Rental income	28,955	–	28,955
Revenue from contract with customers			
– Recognised over time	–	3,832	3,832
Segment revenue	28,955	3,832	32,787
Segment results	26,255	2,482	28,737
Other income			4,235
Corporate and other unallocated expenses			(13,041)
Net gain in fair value of investment properties			19,200
Finance costs			(18,304)
Profit before taxation			20,827

Segment results represents the profit/(loss) from each segment without allocation of corporate and other unallocated expenses, net other (loss)/income, net (loss)/gain in fair value of investment properties, share of results of an associate, impairment loss on investment in an associate and finance costs. 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 year/period 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 2019 (unaudited)

	Property investment *HK$'000*	**Property development** *HK$'000*	**Property project management services** *HK$'000*	**Total** *HK$'000*
Segment assets	**1,984,338**	**1,264,232**	**4,666**	**3,253,236**
Unallocated				**486,220**
Consolidated assets				**3,739,456**
Segment liabilities	**28,148**	**619,374**	**–**	**647,522**
Unallocated				**1,108,640**
Consolidated liabilities				**1,756,162**

At 31 December 2018 (audited)

	Property investment *HK$'000*	Property project management services *HK$'000*	Total *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

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

- all assets are allocated to operating segments other than certain property, plant and equipment, certain right-of-use assets, investment in an associate, certain other receivables, deposits and prepayments, financial assets at fair value through profit or loss, amount due from an associate, derivative financial instruments and cash and bank balances.

- all liabilities are allocated to operating segments other than certain other payables and accrued expenses, certain lease liabilities, certain tax payables, convertible notes and its accrued interests, certain deferred tax liabilities and bank and certain other borrowings.

Other segment information

For the year ended 31 December 2019 (unaudited)

	Property investment *HK$'000*	Property development *HK$'000*	Property project management services *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Net loss in fair value of investment properties	**(25,100)**	**–**	**–**	**–**	**(25,100)**
Fair value loss of derivative financial assets component of convertible notes	**–**	**–**	**–**	**(639)**	**(639)**
Fair value loss of financial assets at fair value through profit or loss	**–**	**–**	**–**	**(1,730)**	**(1,730)**
Additions to non-current assets	**200**	**3**	**–**	**4,130**	**4,333**
Depreciation of property, plant and equipment	**(924)**	**(14)**	**(11)**	**(49)**	**(998)**
Depreciation of right-of-use assets	**–**	**(378)**	**(241)**	**(856)**	**(1,475)**
Impairment loss under expected credit loss model	**–**	**(2,616)**	**(22)**	**(12,815)**	**(15,453)**

Nine months ended 31 December 2018 (audited)

	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)

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	
	(Unaudited)	(Audited)
	Year ended 31 December 2019	Nine months ended 31 December 2018
	HK$'000	*HK$'000*
Hong Kong	**39,179**	28,955
The PRC	**5,797**	3,832
	44,976	32,787

	Non-current assets	
	(Unaudited)	(Audited)
	31 December 2019	31 December 2018
	HK$'000	*HK$'000*
Hong Kong	**1,927,089**	1,949,504
The PRC	**245,628**	51
	2,172,717	1,949,555

Information about major customers

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

5. OTHER (LOSS)/INCOME, NET

	(Unaudited)	(Audited)
	Year ended 31 December 2019	Nine months ended 31 December 2018
	HK$'000	*HK$'000*
Bank interest income	**2,110**	3,439
Fair value (loss)/gain of derivative financial asset component of convertible notes	**(639)**	709
Fair value loss of financial assets at fair value through profit or loss	**(1,730)**	–
Net exchange gain	**–**	87
Sundry income	**156**	–
	(103)	4,235

6. (LOSS)/PROFIT FROM OPERATIONS

	(Unaudited) Year ended 31 December 2019	(Audited) Nine months ended 31 December 2018
	HK$'000	*HK$'000*
(Loss)/profit from operations is arrived at after charging/(crediting):		
Directors' emoluments	**2,380**	962
Other staff costs		
Salaries and allowances	**11,620**	4,318
Retirement benefit scheme contributions	**146**	83
Social security contribution	**1,333**	224
Other benefits in kind	**309**	81
	13,408	4,706
Total staff costs	**15,788**	5,668
Net exchange loss/(gain)	**2,241**	(87)
Auditors' remuneration	**1,500**	750
Depreciation of property, plant and equipment	**998**	655
Depreciation of right-of-use assets	**1,475**	–
Impairment loss under expected credit loss model	**15,453**	–
Gross rental income from investment properties	**(39,179)**	(28,955)
Less: Direct operating expenses from investment properties that generated rental income during the year/period	**3,992**	2,700
	(35,187)	(26,255)

7. FINANCE COSTS

	(Unaudited) Year ended 31 December 2019	(Audited) Nine months ended 31 December 2018
	HK$'000	*HK$'000*
Interest on bank and other borrowings		
– wholly repayable within five years	**78,613**	16,005
Interest on lease liabilities	**190**	–
Other finance costs	**–**	1,435
Effective interest expense on convertible notes	**1,269**	864
Total borrowing costs	**80,072**	18,304
Less: amount capitalised to properties for sale	**(56,622)**	–
	23,450	18,304

The capitalisation rate used to capitalise interest on general borrowings was 3.4% for the Reporting Period (nine months ended 31 December 2018: Nil).

8. TAXATION

	(Unaudited) **Year ended 31 December 2019** ***HK$'000***	(Audited) Nine months ended 31 December 2018 *HK$'000*
Current tax		
Hong Kong		
– Provision for the year/period	**2,758**	2,293
– Under provision in prior period/years	**24**	175
	2,782	2,468
The PRC		
– Enterprise income tax	**135**	521
	2,917	2,989
Deferred taxation		
– (Credited)/charged to the consolidated statement of profit or loss and other comprehensive income	**(2,507)**	497
	410	3,486

The provision for Hong Kong Profits Tax for the year ended 31 December 2019 is calculated at 16.5% of the estimated assessable profits for the year (nine months ended 31 December 2018: 16.5%). The concession of 8.25% tax brand under the two-tiered profits tax rates regime introduced by the Hong Kong SAR Government was taken up by an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong.

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.

9. (LOSS)/EARNINGS PER SHARE

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

	(Unaudited) Year ended 31 December 2019	(Audited) Nine months ended 31 December 2018
	HK$'000	*HK$'000*
(Loss)/earnings for the purpose of basic (loss)/earnings per share	**(94,787)**	17,341
Effects of dilutive potential ordinary shares		
Effective interest expenses on convertible notes, net of tax	**–**	744
Fair value gain of derivative financial asset component of convertible notes	**–**	(709)
(Loss)/earnings for the purpose of diluted (loss)/earnings per share	**(94,787)**	17,376

	(Unaudited) Year ended 31 December 2019	(Audited) Nine months ended 31 December 2018
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**1,125,027**	1,125,027
Effects of dilutive potential ordinary shares:		
– Convertible notes	**–**	13,716
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**1,125,027**	1,138,743

For the year ended 31 December 2019, the diluted loss per share is the same as the basic loss per share. The Company's outstanding convertible notes were not included in the calculation of diluted loss per share because the effect of which were anti-dilutive.

The diluted earnings per share for the nine months ended 31 December 2018 were calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

10. DIVIDENDS

The directors of the Company (the "**Directors**") do not recommend dividend for the year ended 31 December 2019 (nine months ended 31 December 2018: Nil).

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Notes	**(Unaudited) 31 December 2019** ***HK$'000***	(Audited) 31 December 2018 *HK$'000*
Rental receivables	(i)	**1,247**	1,784
Property project management service receivables	(ii)	**4,630**	3,957
		5,877	5,741
Less: Allowance for credit losses		**(22)**	–
		5,855	5,741
Prepaid construction costs		**167,583**	–
Security deposit for financing arrangements	(iii)	**5,006**	–
Deposit paid for acquisition of a land parcel	(iv)	**194,010**	–
Deposit paid for acquisition of a subsidiary, net of allowance for credit losses	(v)	**71,277**	–
Other receivables, deposits and prepayments		**28,494**	2,131
		472,225	7,872

(i) The amount represents rental receivables for leasing of investment properties.

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 rental receivables. The rental receivables are payable in advance by tenants.

No allowance for credit loss was provided for rental receivables as at 31 December 2019 and 2018.

The ageing analysis of the Group's rental receivables is as follows:

	(Unaudited) As at 31 December 2019 ***HK$'000***	(Audited) As at 31 December 2018 *HK$'000*
0-30 days	**559**	1,784
31 to 60 days	**473**	–
61 to 90 days	**214**	–
91 to 180 days	**1**	–
	1,247	1,784

(ii) The project management fee shall be payable within 12 days from end of each quarter. The ageing analysis of the Group's property project management service receivables net of allowance of credit losses presented based on the invoice dates, is as follows:

	(Unaudited)	(Audited)
	As at	As at
	31 December	31 December
	2019	2018
	HK$'000	*HK$'000*
0-30 days	**–**	3,957
31-60 days	**–**	–
61-90 days	**2,121**	–
90-180 days	**2,487**	–
	4,608	3,957

(iii) The amounts are deposited in a financial institution for securing the other borrowings of the Group. Such deposits will be refunded to the Group upon final repayments of the respective other borrowings.

(iv) As detailed in page 26 of this announcement, the amount represents deposit paid to 杭州市規劃和自然資源局臨安分局 (Lin'an Branch of Hangzhou Planning and Natural Resources Bureau*) for acquisition of a parcel of land located at Lin'an District, Hangzhou City, Zhejiang Province, the PRC, at a cash consideration of RMB347,580,000.

(v) As detailed in page 28 of this announcement, the amount represents payment of RMB66,800,000 (equivalent to approximately HK$74,572,000) as consideration to Foshan Sansheng for the Hotel Acquisition. The amount net of allowance for credit losses was approximately RMB63,849,000 (equivalent to approximately HK$71,277,000). The latest date for fulfillment of conditions precedent to the completion of the Hotel Acquisition under the Agreement was extended to 30 June 2020 pursuant to an agreement in writing dated 31 December 2019.

12. TRADE AND OTHER PAYABLES, DEPOSITS AND ACCRUED EXPENSES

	(Unaudited) As at 31 December 2019 HK$'000	(Audited) As at 31 December 2018 HK$'000
Trade payables	**37,406**	–
Rental deposits received	**11,851**	11,505
Contract liabilities	**40,993**	–
Other payables and accrued expenses	**45,992**	3,948
	136,242	15,453
Advance rental received	**295**	946
	136,537	16,399
Less: Non-current portion of other payables and deposits	**(7,494)**	(8,240)
Current portion	**129,043**	8,159

Ageing analysis of trade payables presented based on the invoice dates, is as follows:

	(Unaudited) 31 December 2019 HK$'000	(Audited) 31 December 2018 HK$'000
0-30 days	**29,479**	–
31-90 days	**1,896**	–
91-180 days	**2,659**	–
181-365 days	**2,709**	–
More than 365 days	**663**	–
	37,406	–

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

Property leasing business

During the Reporting Period, Hong Kong's retail market continued to face strong headwinds from depreciation of Renminbi ("**RMB**") and the continuing trade dispute between the United States ("**U.S.**") and the PRC, which had a dampening effect on the consumption by Chinese tourists. Despite the sluggish retail threat in 2019, the Group's retail investment property portfolio in Hong Kong recorded a stable performance in terms of the high occupancy rate and a slight growth in rental revenue. The investment properties of the Group are situated in the prime shopping district of Causeway Bay and the Group continues to refine the diverse-trade tenants mix (mainly includes food and beverages, beauty and health care and pharmaceuticals which have outperformed in the retail sector). During the Reporting Period, the portfolio has recruited certain new tenants (including well-recognised grocery brand tenant – "Bestmart 360" and branded beauty business) to broaden the Group's trade offering in turn maintaining the Group's core revenue and earnings base. The Group has been maintaining a good relationship with its tenants by assisting them to compete in a more challenging business environment.

As at 31 December 2019, the investment property portfolio of the Group recorded an occupancy rate of approximately 93.6%. The valuation of the investment properties of the Group amounted to HK$1,921.6 million as at 31 December 2019 (31 December 2018: HK$1,946.7 million), representing a decrease of approximately 1.3%. Jardine Center remained as the Group's core and steady income generator, accounting for approximately 66.1% (nine months ended 31 December 2018: approximately 68.4%) of the total revenue of the Group for the Reporting Period.

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

	Valuation of investment properties as at		**Revenue for the year ended**	Revenue for nine months ended	
	31 December 2019 (Unaudited)	31 December 2018 (Audited)	**31 December 2019 (Unaudited)**	31 December 2018 (Audited)	**Changes in revenue**
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	%
Causeway Bay					
Jardine Center, No. 50 Jardine's Bazaar	**1,480,000**	1,500,000	**29,715**	22,438	32.4
Ground Floor and Cockloft Floor, No. 38 Jardine's Bazaar	**102,000**	103,000	**2,311**	1,753	31.8
First Floor, Nos. 38 and 40 Jardine's Bazaar	**14,600**	14,700	**468**	262	78.6
Ground Floor including Cockloft, No. 41 Jardine's Bazaar	**135,000**	137,000	**2,843**	1,948	45.9
Ground Floor, No. 57 Jardine's Bazaar	**138,000**	140,000	**2,848**	2,307	23.5
Mid-levels West					
Shop No. 1 on Ground Floor of K.K. Mansion, Nos. 119, 121, 125 Caine Road	**52,000**	52,000	**994**	247	302.4
Total	**1,921,600**	1,946,700	**39,179**	28,955	35.3

Unrealised fair value loss on investment properties amounted to HK$25.1 million for the Reporting Period (nine months ended 31 December 2018: gain of HK$19.2 million). The decrease in the valuation was mainly due to local social environment and economic uncertainties in Hong Kong.

Property Development Business

In the first half of 2019, the Group completed the following acquisitions which were approved by the Independent Shareholders (as defined in the circulars of the Company dated 10 January 2019 and 8 March 2019).

The Zhenjiang Acquisition –南山淺水灣(Nanshan Qianshuiwan) ("**NQS**")*

As disclosed in the announcement of the Company dated 9 December 2018 and the circular of the Company dated 10 January 2019 ("**Circular I**"), the Group entered into an agreement ("**SPA I**") with Sanshenghongye (BVI) Holdings Limited ("**Sansheng BVI**") to acquire the entire issued capital of High Morality Limited ("**High Morality**"), which indirectly holds three parcels of land located in Zhenjiang City, Jiangsu Province, the PRC, at a consideration of approximately RMB194.9 million ("**Consideration I**") (the "**Zhenjiang Acquisition**"). The SPA I was approved by the Independent Shareholders of the Company at a special general meeting held in January 2019. The completion took place on 1 March 2019 ("**Completion I**") and High Morality became a wholly-owned subsidiary of the Group (subject to a put option granted by Sansheng BVI to the Group pursuant to the SPA I which shall be exercisable from the date of Completion I to 31 August 2022 if certain conditions are fulfilled (as described below), which, when exercised, enables the Group to require Sansheng BVI to acquire from the Group the entire issued share(s) of High Morality and any outstanding loan(s) owed by High Morality and/or any subsidiary of High Morality to the Group ("**Put Option I**")).

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 and adjacent to community resources such as academic institutions, municipal offices, ecological parks, shopping malls and a hospital. It is also situated at the high-end residential district in Zhenjiang City and is planned to be developed into a mixed-used residential and commercial development (i.e. Phase II of NQS) with total planned gross floor area ("**GFA**") of approximately 160,000 sq.m., including residential area of approximately 151,700 sq.m., commercial area of approximately 3,900 sq.m. and ancillary area of approximately 2,400 sq.m.. The Group intends to designate all residential and commercial units for sale. Phase II of NQS comprises 22 villas, 13 high rise residential towers and spaces for retail and ancillary facilities such as kindergarten.

The planned development of Phase II of NQS is as follows:

	GFA (sq.m.)							
Phase	Residential	retail	Car park	Ancillary areas	Total	Estimated/ actual commencement date	Estimated completion date	Estimated/actual pre-sale date
Phase 1	61,223	–	–	–	61,223	March 2019	December 2021	August 2019
Phase 2	42,546	–	–	–	42,546	June 2020	September 2022	December 2020
Phase 3	47,895	1,866	2,036	2,400	54,197	November 2020	January 2023	January 2022
Total	151,664	1,866	2,036	2,400	157,966			

The Group obtained the pre-sale permit and the sales promotion center has been launched for pre-sale in 2019. The first batch of pre-sales commenced in mid-August 2019. As at 31 December 2019, 26 residential units have been presold and proceeds from presale of properties amounted to approximately RMB36,720,000 (equivalent to approximately HK$40,993,000).

In terms of financing, the Group has successfully obtained self-financed construction loan for the construction of NQS Phase II and drew down RMB200.0 million from 上海愛建信托有限責任公司(Shanghai Aijian Trust Co., Limited*) ("**Shanghai Aijian**") as of 31 December 2019 to secure sufficient financial resources to meet with the funding requirement of aforesaid construction.

As of 31 December 2019, the Group had properties for sale of which 8 sets of completed residential properties of NQS Phase I were not taken into account in determination of the Consideration I as the Group does not intend to acquire them and 6 out of 8 were pledged to a financial institution in the PRC as security for defaulted loans granted to two individuals who are related parties of previous owner of the NQS. Accordingly, it is one of the terms under SPA I that after completion of the acquisition, the sale of these properties shall be the responsibility of Sansheng BVI.

As disclosed in the Circular I, the Put Option I will become exercisable if the adjusted net asset value ("**ANAV**") of High Morality and its subsidiaries ("**High Morality Group**") as at any of the relevant valuation dates (including 31 December 2019) ("**Valuation Date**"), calculated based on the aggregation of (i) unaudited consolidated net assets value of High Morality Group as of the Valuation Date after adjusted for the valuation surplus or the valuation deficit (as the case may be) with reference to the market value of NQS Phase II as of the Valuation Date; and (ii) added back any uncapitalised finance cost and taxation thereof, is lower than the Consideration I.

The market value of NQS Phase II as of 31 December 2019 (appraised by an independent valuer, Jones Lang Lasalle Corporate Appraisal and Advisory Limited ("**JLL**")), was RMB791.0 million and thereby giving rise to the effect that the ANAV of High Morality Group as at 31 December 2019 amounting to approximately RMB262.1 million, which is higher than the Consideration I. Accordingly, the Put Option I was not exercisable as at 31 December 2019.

The Directors are cautiously 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 shareholders of the Company ("**Shareholders**") as a whole.

The Jinhua Acquisition – 48.51% effective interests in 金義頤景園 (Jinyi Yijingyuan)

As disclosed in the announcements of the Company dated 4 February 2019, 22 February 2019 and 7 March 2019 and the circular of the Company dated 8 March 2019 ("**Circular II**"), the Group entered into an agreement and a supplemental deed ("**SPA II**") with Sansheng BVI as the vendor pursuant to which the Group acquired (i) 49% of the issued share capital of Yitai International (BVI) Holdings Ltd. ("**Yitai**"), a company which holds 99% indirect equity interest 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 Yitai to Sansheng BVI's related party at an aggregate consideration of approximately RMB255.6 million ("**Consideration II**") (the "**Jinhua Acquisition**"). The SPA II was approved by the Independent Shareholders of the Company at a special general meeting held in March 2019. The completion took place on 2 April 2019 ("**Completion II**") and Yitai has become the Group's associate (subject to a put option granted by Sansheng BVI to the Group pursuant to the SPA II which shall be exercisable from the date of Completion II to 31 August 2020 if certain conditions are fulfilled as described below which, when exercised, enables the Group to require Sansheng BVI to acquire from the Group 49% of the issued share capital of Yitai and any outstanding loan(s) owed by Yitai and/or any subsidiary(ies) of Yitai to the Group ("**Put Option II**").

The land is being developed into a mixed-use residential and commercial complex under the brandname of "頤景園" in two phases with a total GFA 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, which includes 11 residential towers with an aggregate area of 111,500 sq.m., 2 office towers and retail shops of 50,200 sq.m. and 1,200 car parking spaces, commenced in April 2018 and is expected to complete by end of 2020. 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. These contracted sales will be recognised by Yitai as revenue in 2020 upon completion of development of phase I of the project. Pre-sale of phase II of the project was launched in the first quarter of 2019 and further revenue is expected to be recognised by Yitai in early 2021 upon completion of development of phase II.

The Directors considered that it would be in the Group's best interest to participate in the project as a passive non-controlling shareholder which the Group does not require to invest substantial resources to the management and operation of the project. Accordingly, Yitai will be accounted for as an associate of the Group as the Group does not exercise control over Yitai.

As disclosed in the Circular II, the Put Option II will become exercisable conditional upon the benchmark value (basis of determination as disclosed in the Circular II) being lower than the Consideration II. Given that the market value of Jinyi Yijingyuan as of 31 December 2019 (appraised by an independent valuer, JLL) was RMB1,891.0 million, which is higher than the book value of the project and thus giving rise to the effect that the benchmark value of approximately RMB285.8 million being higher than the Consideration II, the Put Option II was not exercisable as of 31 December 2019.

Acquisition of a land parcel in Hangzhou City

As disclosed in the announcements of the Company dated 24 June 2019 and 8 July 2019 and the circular of the Company dated 12 July 2019, the Group has entered into a transfer agreement with 杭州市規劃和自然資源局臨安分局 (Lin'an Branch of Hangzhou Planning and Natural Resources Bureau*) for acquisition of a parcel of land located at Lin'an District, Hangzhou City, Zhejiang Province, the PRC ("**Lin'an Land**"), at a cash consideration of RMB347,580,000. Completion of the acquisition shall take place no later than 7 July 2020. As at 31 December 2019, the Group has paid a partial payment of RMB173,790,000 (equivalent to approximately HK$194,010,000) in respect of the acquisition.

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 services business in fourth quarter of 2018 by entering into the Project Management Master Agreement (as defined in the circular of the Company dated 13 September 2018). Pursuant to the Project Management Master Agreement, 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, entered into four individual project management agreements to provide project management services for the real estate projects in the PRC, which are owned and developed by 上海三盛宏業投資(集團)有限責任公司(Shanghai Sansheng Hongye Investment (Group) Company Limited*) and its subsidiaries in return for receiving quarterly consultancy service fee charged at a fixed fee rate of 2% (having appraised with reference to the PRC statutory maximum fee rate as stipulated by Ministry of Finance of the PRC) on their respective actual construction cost incurred. The Project Management Master Agreement constituted continuing connected transactions of the Company and thus the consultancy services fee to be received was limited to the annual caps for the three years ending 31 December 2020 approved by the independent shareholders of the Company held at a special general meeting held on 11 October 2018. During the Reporting Period, the Group recorded income for provision of property project management services of approximately HK$5.8 million (nine months ended 31 December 2018: approximately HK$3.8 million), which was within the approved annual cap for the year ending 31 December 2019 of HK$19,188,000 or RMB16,685,000. During the Reporting Period, Mingzhou Consultancy was engaged in provision of property project management services rendered to four residential development projects located in Foshan, Heshan and Huizhou, the PRC, with aggregate planned GFA of approximately 1,164,000 sq.m.. These projects were selected given their strategic locations in the Guangdong-Hong Kong-Macao Greater Bay Area which has higher accessibility from Hong Kong.

In September 2019, after considering that the property project management services business has limited potential in the PRC market and the performance of such business has not been satisfactory, for long-term business development of the Group and to reallocate resources towards the Group's core business in property leasing and property development, the Board resolved to suspend such business from the fourth quarter of 2019.

Others

*Acquisition of a hotel in Zhoushan city (“**Hotel Acquisition**”)*

As disclosed in the announcement of the Company dated 8 August 2019 and the circular of the Company dated 29 August 2019 (“**Circular III**”), the Group has entered into an agreement (the “**Agreement**”) with 佛山三盛房地產有限責任公司 (Foshan Sansheng Real Estate Co., Ltd.*) (“**Foshan Sansheng**”) for the acquisition of the entire equity interest in 舟山三盛酒店管理有限公司 (Zhoushan Sansheng Hotel Management Co., Ltd.*) (“**Zhoushan Sansheng**”) at the consideration of RMB120.0 million (equivalent to approximately HK$134.4 million) in cash. Zhoushan Sansheng holds Pullman Zhoushan Seaview (舟山三盛鉑爾曼大酒店) (the “**Hotel**”), a hotel located in Zhoushan City, Zhejiang Province, the PRC. The Hotel Acquisition was approved by independent shareholders of the Company at the special general meeting of the Company on 18 September 2019. As at 31 December 2019, an aggregate amount of RMB66,800,000 (equivalent to approximately HK$74,572,000) was paid as consideration to Foshan Sansheng.

As disclosed in the announcements of the Company dated 31 December 2019 and 14 January 2020, the charge over the equity interest in Zhoushan Sansheng in favour of 浙江浙銀金融租賃股份有限公司 (Zhejiang Zheyin Finance Lease Co., Ltd.*) was not capable of being released and the conditions precedent for completion of the Hotel Acquisition were not capable of being fulfilled on or before the original long stop date of 31 December 2019. On 31 December 2019, the parties to the Agreement agreed in writing to extend the long stop date to 30 June 2020.

PROSPECTS

Looking forward to year 2020, the global markets are expected to be cloudy due to uncertainties such as volatile stock markets, weakening of RMB, trade tension between the U.S. and the PRC, and the recent COVID-19 outbreak. The Group is aware of the challenges ahead and will closely monitor the global market conditions. In spite of the above, the market expects the PRC's gross domestic product growth rate would be approximately 5.9% this year, compared to approximately 2.5% of the global economy. It is expected that the PRC government will continuously put efforts on "seeking growth while maintaining stability" strategy to ensure a steady growth. The Group remains optimistic about the development of economy in both the PRC and Hong Kong, as well as its business development in 2020. Going forward, the Group will continue to evaluate investment opportunities in different property projects with a view to optimising the Group's property project portfolio, strengthening investment property portfolio and maximising returns.

FINANCIAL REVIEW

The Group's revenue for the year ended 31 December 2019 was approximately HK$45.0 million (nine months ended 31 December 2018: approximately HK$32.8 million). It comprised (i) gross rental income from investment properties; and (ii) property project management services income. The increase in revenue was primarily attributable to the shorter reporting period of only nine months in 2018.

Other (loss)/income for the Reporting Period decreased by approximately HK$4.3 million to a loss of approximately HK$0.1 million (nine months ended 31 December 2018: gain of approximately HK$4.2 million). The decrease was mainly due to (i) decrease in bank interest income; (ii) a fair value loss on derivative financial instruments of approximately HK$0.6 million recognised during the Reporting Period; and (iii) a fair value loss of financial assets at fair value through profit or loss of approximately HK$1.7 million recognised during the Reporting Period.

Staff cost comprised salaries and allowances, directors' emoluments, retirement benefit costs, social security contribution and other benefits in kind. During the Reporting Period, the staff cost increased by approximately 178.5% due to (i) increased staff cost from NQS project following the Zhenjiang Acquisition; (ii) increased staff cost from property project management services segment during the Reporting Period; (iii) increase in directors' emoluments; and (iv) shorter reporting period of only nine months in 2018.

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

	(Unaudited) **Year** **ended** **31 December** **2019** ***HK$'000***	(Audited) Nine months ended 31 December 2018 *HK$'000*
Investment properties operating costs	**3,992**	2,700
Professional fees	**9,157**	5,439
Marketing and advertising expenses	**7,462**	–
General administrative costs	**6,224**	2,629
Exchange loss, net	**2,241**	–
	29,076	10,768

Investment properties operating costs mainly comprised repair and maintenance costs, commission incurred for new lettings and statutory property-related costs. The increase in such costs was mainly due to the shorter reporting period of only nine months in 2018.

Professional fees incurred for the Reporting Period mainly included professional fees for new other borrowings and other professional fees such as auditors' remuneration, financial advisory fees and legal fees.

Share of results of an associate included the Group's share of losses incurred by Yitai since the Completion II until 31 December 2019 and a gain arising from negative goodwill on acquisition of Yitai which was resulted from the excess of the Group's share of the net fair value of the identifiable assets and liabilities of Yitai over the cost of investment in Yitai. The loss incurred by Yitai was because that all the proceeds from its pre-sold properties are yet to be recognised as revenue until the construction of the pre-sold properties are completed and the possession of these properties have been delivered to the customers. Accordingly, Yitai has not recognised any revenue and only incurred uncapitalised pre-selling and administrative expenses and provision for impairment under expected credit loss model during the Reporting Period.

As at 31 December 2019, the investment properties of the Group were revalued at HK$1,921.6 million (31 December 2018: HK$1,946.7 million) by an independent professional valuer. During the Reporting Period, fair value loss on investment properties of HK$25.1 million was recognised in the statement of profit or loss and other comprehensive income.

Finance costs for the Reporting Period was increased by approximately 28.4% to approximately HK$23.5 million (nine months ended 31 December 2018: approximately HK$18.3 million). The change was primarily attributable to (i) new bank borrowing of HK$270.0 million and new other borrowings of approximately HK$550.6 million during the Reporting Period; (ii) capitalisation of finance cost of approximately HK$56.6 million during the Reporting Period; and (iii) shorter reporting period of only nine months in 2018.

Net loss attributable to owners of the Company was approximately HK$94.8 million (nine months ended 31 December 2018: profit of approximately HK$17.3 million), representing a decrease of approximately HK$112.1 million as compared with those of nine months ended 31 December 2018. The decrease in net profit was primarily due to (i) decrease in fair value of investment properties in Hong Kong; (ii) increase in staff costs and other operating expenses; (iii) impairment loss under expected credit loss model of approximately HK$15.5 million on certain financial assets of the Group; (iv) share of loss of an associate of approximately HK$1.8 million; and (v) impairment on investment in an associate of approximately HK$26.1 million due to decline in selling prices of the properties held by the associate.

Liquidity and Financial Resources

The Group mainly finances its business operations with its internal resources and bank and other borrowings. As at 31 December 2019, the Group had cash and bank balances (including bank deposits) of approximately HK$206.0 million (31 December 2018: approximately HK$1,015.0 million), of which approximately 38.1% were deposited with banks in Hong Kong and the remaining of approximately 61.9% were deposited with banks in the PRC. The decrease in cash and bank balances was mainly attributable to the Zhenjiang Acquisition, the Jinhua Acquisition, the acquisition of the Lin'an Land and the Hotel Acquisition. The Group's cash and bank balances were deposited in Hong Kong Dollars ("**HKD**") and 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 2019, the Group's bank and other borrowings amounted to approximately HK$1,590.9 million (31 December 2018: approximately HK$839.9 million), in which the bank borrowings carry floating interest rate at Hong Kong Interbank Offer Rate plus a fixed margin and the other borrowings carry interest ranging from 8% to 23% per annum, the maturity profile is set out as follows:

	(Unaudited) **31 December** **2019** ***HK$'000***	(Audited) 31 December 2018 *HK$'000*
Repayable		
Within one year	**591,750**	25,710
Within a period of more than one year but within two years	**41,202**	25,710
Within a period of more than two years but within five years	**957,988**	788,450
	1,590,940	839,870

The Group's gearing ratio as at 31 December 2019, which is calculated on the basis of total liabilities over total assets, was approximately 47.0% (31 December 2018: approximately 29.5%) whilst the current ratio of the Group which expressed a ratio of current assets over current liabilities as at 31 December 2019, was approximately 2.1 (31 December 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 2019 and 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 2019, the unaudited net assets amounted to approximately HK$1,983.3 million (31 December 2018: approximately HK$2,096.3 million), representing a decrease of approximately 5.4%. With the total number of 1,125,027,072 ordinary shares in issue as at 31 December 2019, the net assets value per share was approximately HK$1.76 (as at 31 December 2018: approximately HK$1.86).

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 year ended 31 December 2019 (for the nine months ended 31 December 2018: Nil)

CORPORATE GUARANTEE

As at 31 December 2019, the Company provided corporate guarantee to a bank for securing banking facilities granted to its subsidiaries which amounted to HK$1,127,000,000 (31 December 2018: HK$857,000,000), while certain subsidiaries have provided corporate guarantees to a financial institution for securing facilities granted to the Company which amounted to HK$150,000,000 (31 December 2018: Nil).

CHARGES ON GROUP ASSETS

As at 31 December 2019, the Group had pledged the following assets:

1. investment properties in Hong Kong with an aggregate carrying amount of HK$1,921,600,000 (31 December 2018: HK$1,655,000,000) for securing bank and other borrowings of its subsidiaries;

2. share mortgage of certain subsidiaries for securing their respective bank borrowings;

3. rent assignments in respect of the investment properties;

4. properties for sale under development with an aggregate carrying amount of approximately HK$819,203,000 (31 December 2018: Nil) and the entire equity interest in a subsidiary for securing other borrowings amounted to RMB448,400,000 (equivalent to approximately HK$500,569,000) from Shanghai Aijian;

5. Properties for sale – completed properties with an aggregate carrying amount of approximately HK$21,110,000 (31 December 2018: Nil) pledged to a financial institution in the PRC as collateral for the borrowings of independent third parties; and

6. entire equity interests in certain subsidiaries for securing the Company's other borrowing which amounted to HK$50,000,000 from a financial institution, China Cinda (HK) Asset Management Co., Limited.

CONTINGENT LIABILITIES

Under the agreement for sale and purchase of share in and debts owed by Seedtime International Limited ("**Seedtime**") signed among the Company, Rose City Group Limited ("**Rose City**", an indirect wholly-owned subsidiary of the Company) and Prime Magic Holdings Limited (the "**Prime Magic**") on 13 July 2017 ("**Seedtime Agreement**"), the Company acts as guarantor in favour of Prime Magic for the disposal of entire issued share capital of Seedtime, which was completed on 13 December 2017 ("**Completion Date**").

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

Under the Seedtime Agreement, no claim shall be made against Rose City and/or the Company in respect of any breach of Rose City's warranties unless written notice thereof shall have been given by Prime Magic to Rose City within two years from the Completion Date (i.e. 13 December 2019).

There was no relevant claims reported as at 31 December 2018 and up to 13 December 2019.

Save as disclosed aforesaid, the Group did not have any significant contingent liabilities as at 31 December 2019 and 2018.

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the announcement of the Company dated 14 February 2020, on 13 February 2020, 上海岳信企業管理咨詢有限公司 (Shanghai Yuexin Enterprise Management Consultancy Co., Ltd.*) ("**Shanghai Yuexin**"), 鎮江天工頤景園房地產有限公司(Zhenjiang Tiangong Yijingyuan Real Estate Co., Ltd.*), ("**Zhenjiang Tiangong**"), 舟山銘義文化產業投資有限公司 (Zhoushan Mingyi Cultural Assets Investment Co., Ltd*) ("**Zhoushan Mingyi**"), all being indirect wholly-owned subsidiaries of the Company, and Shanghai Aijian entered into an agreement ("**Loan Extension Agreement**"), pursuant to which Shanghai Aijian agreed to renew the loan facilities granted by Shanghai Aijian to Shanghai Yuexin and Zhenjiang Tiangong (the "**Facilities**") on the following principal terms:

(i) the availability period of the Facilities and the final maturity date of the loans drawn down from the Facilities by the Group (the "**Loans**") shall be extended by 12 months to 13 February 2021;

(ii) Shanghai Yuexin and Zhenjiang Tiangong shall settle the interest accrued on the Loans up to 12 February 2020 of approximately RMB10.3 million on the date of the Loan Extension Agreement and the interest rates of the Facilities shall be revised to 15% per annum with effect from 13 February 2020; and

(iii) Zhoushan Mingyi shall complete the disposal of its entire equity interest in 杭州銘倫實業有限公司 (Hangzhou Minglun Industrial Co., Ltd.*) ("**Hangzhou Minglun**") on or before 13 May 2020 (the "**Possible Disposal**"). Hangzhou Minglun is a company wholly-owned by Zhoushan Mingyi and has an interest in Lin'an Land.

Pursuant to the Loan Extension Agreement, the renewal of the Facilities is subject to, among other things, Shareholders' approval. In the event that the Company fails to obtain the Shareholders' approval for the Possible Disposal or in the event that Zhoushan Mingyi fails to complete the Possible Disposal on or before 13 May 2020, Zhoushan Mingyi shall within ten business days of the failure (whichever is the earlier) charge its entire equity interest in Hangzhou Minglun and its receivables under the shareholder's loan due from Hangzhou Minglun in the amount of approximately RMB23.9 million in favour of Shanghai Aijian as security for the Loans of up to RMB85.0 million.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, the Group had 45 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 Provision**") of the latest revised code on corporate governance and relevant amendments effective from 1 January 2019 (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 the Company, and has complied with the CG Code throughout the Reporting Period save for the following deviations:

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

During the Reporting Period:

From 1 January 2019 to 4 June 2019
Mr. Wang Junyong was the chairman of the Board ("**Chairman**"), 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 during the said period.

From 5 June 2019 to 22 August 2019
Mr. Wang Junyong resigned as the Chairman, an executive director of the Company and the chairman of the Executive Committee with effect from 5 June 2019, and Mr. Pan Gongcheng was appointed as the Chairman, an executive director of the Company and the chairman of the Executive Committee with effect from 5 June 2019, while the duties and responsibilities of the chief executive officer were taken up by the Executive Committee, which comprised Mr. Pan Gongcheng (chairman), Mr. Fan Xuerui, Mr. Sun Meng and Ms. Li Guang, all being the executive directors of the Company during the said period.

From 23 August 2019 to 29 September 2019
Mr. Pan Gongcheng resigned as the Chairman and the chairman of the Executive Committee with effect from 23 August 2019, and Mr. Fan Xuerui was appointed as the Chairman and the chairman of the Executive Committee with effect from 23 August 2019, while the duties and responsibilities of the chief executive officer were taken up by the Executive Committee, which comprised Mr. Fan Xuerui (chairman), Mr. Pan Gongcheng, Mr. Sun Meng and Ms. Li Guang, all being the executive directors of the Company during the said period.

From 30 September 2019 onwards
Mr. Fan Xuerui was re-designated from chief operating officer as the chief executive officer ("**CEO**") of the Company with effect from 30 September 2019.

Accordingly, Mr. Fan Xuerui served as both the Chairman and the CEO from 30 September 2019 onwards, which practice deviates from the Code Provision A.2.1, the Board believe that with the support of the management, vesting the roles of both Chairman and the CEO in Mr. Fan Xuerui can facilitate the execution of the Group's business strategies and enhance the effectiveness of its operation. Further, the Board considered that the current structure will not impair the balance of power and authority between the Board and the management of the Group as the Board, which comprises experienced and high calibre individuals who met regularly to discuss issues pertaining to the operations of the Company, assumes collective responsibility on the decision making process of the Company's business strategies and operation.

Code Provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend the general meetings of the Company.

Mr. Wang Xin did not attend one special general meeting of the Company held on 18 September 2019 due to other business engagement.

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.

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.

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 has reviewed and discussed with management the accounting standards and practices adopted by the Group, risk and internal controls and financial reporting matters and has reviewed the unaudited consolidated financial statements for the year ended 31 December 2019 as set out in this announcement.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save for the Zhenjiang Acquisition, the Jinhua Acquisition, the acquisition of the Lin'an Land and the Hotel Acquisition, there was no other significant investment, material acquisition and disposal during the Reporting Period.

CHANGES OF BOARD COMPOSITION

During the Reporting Period and up to date of this announcement, the following changes in the composition of the Board took place:

(i) Mr. Lai Hing Kwok resigned as an executive director of the Company with effect from 22 May 2019;

(ii) Mr. Wang Junyong resigned as the Chairman and an executive director of the Company with effect from 5 June 2019;

(iii) Mr. Pan Gongcheng has been appointed as the Chairman and an executive director of the Company with effect from 5 June 2019; and resigned as the Chairman with effect from 23 August 2019 and resigned as an executive director of the Company with effect from 30 September 2019;

(iv) Mr. Fan Xuerui has been appointed as the Chairman with effect from 23 August 2019;

(v) Mr. Wang Xin has been appointed as a non-executive director of the Company with effect from 23 August 2019;

(vi) Mr. Pi Minjie has been appointed as an executive director of the Company with effect from 30 September 2019; and

(vii) Mr. Fan Xuerui was appointed as the CEO with effect from 30 September 2019.

REVIEW OF UNAUDITED ANNUAL RESULTS

The Company has been advised by the Company's auditors, HLB Hodgson Impey Cheng Limited, that the auditing process for the annual results for the year ended 31 December 2019 has not been completed due to travel restrictions in force in parts of Mainland China and quarantine measures imposed by the relevant authorities to combat the COVID-19 outbreak. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The preliminary annual results contained herein have not been audited and have not been agreed by the Company's auditors, but have been reviewed by the audit committee of the Company and are announced pursuant to the "Joint statement in relation to results announcements in light of travel restrictions related to the severe respiratory disease associated with a novel infectious agent" dated 4 February 2020 jointly issued by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited which, despite without auditors' agreement, is otherwise in all respects in full compliance with the other reporting requirements set out in the Listing Rules.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and explanations about the material differences (if any) as compared with the unaudited annual results contained herein, (ii) the proposed date on which the forthcoming annual general meeting will be held, and (iii) the period during which the register of members holding ordinary shares of the Company will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting. In addition, the Company will issue further announcement as and when necessary if there are other material developments in the completion of the auditing process. The Company expects to publish its annual report on or before 15 May 2020 if the aforesaid travel restrictions and quarantine measures are uplifted which allows sufficient time for the Company's auditors to complete the auditing process.

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.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Zhongchang International Holdings Group Limited
Fan Xuerui
Chairman and Executive Director

Hong Kong, 27 March 2020

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

* *for identification purpose only*