兆邦基地產
Zhaobangji Properties

Zhaobangji Properties Holdings Limited
兆邦基地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1660)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of Zhaobangji Properties Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 September 2020 (the "**Period**") together with its comparative figures for the corresponding period in 2019 (the "**Previous Period**") as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the period ended 30 September 2020

		Unaudited	
		Six months ended 30 September	
		2020	2019
	Note	***HK$'000***	*HK$'000*
Revenue	3	**118,151**	141,403
Cost of sales and services		**(57,834)**	(91,728)
Gross profit		**60,317**	49,675
Other gains and losses		**3,370**	3,118
Selling expenses		**(1,663)**	(2,143)
Administrative expenses		**(17,323)**	(17,654)
Profit from operations		**44,701**	32,996
Finance income		**416**	384
Finance costs		**(1,058)**	(1,161)
Finance costs, net		**(642)**	(777)
Fair value changes on Financial assets at fair value through profit or loss ("Financial assets at FVPL")		**(5,787)**	–
Disposal in Subsidiary		**20,177**	–
Profit before tax		**58,449**	32,219
Income tax expense	4	**(10,182)**	(7,952)
Profit for the period	5	**48,267**	24,267
Profit attributable to equity holders of the Company		**48,267**	24,267
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**–**	–
Items that will not be reclassified to profit or loss:			
Fair value gain on revaluation of financial asset at fair value through other comprehensive income		**–**	–
Foreign exchange differences		**–**	760
Total comprehensive income for the period, net of tax		**48,267**	25,027
Total comprehensive income for the year attributable to:			
Owners of the Company		**48,284**	25,063
Non-controlling interests		**(17)**	(36)
Earnings per share for profit attributable to equity holders of the Company:			
		HK cents	*HK cents* (Restated)
Basic and diluted	7	**0.78**	0.39

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Note	**Unaudited 30 September 2020** *HK$'000*	Audited 31 March 2020 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**276,962**	222,194
Construction in progress		**–**	37,339
Right-of-use assets	2	**21,164**	92,233
Goodwill		**61**	61
Financial assets at fair value through other comprehensive income		**787**	755
Finance lease receivables		**3,073**	2,150
Subleasing receivables		**1,149**	6,400
Deposits, prepayments and other receivables		**470**	418
Deferred tax assets		**696**	1,103
		304,362	362,653
Current assets			
Finance lease receivables		**2,254**	3,411
Subleasing receivables		**3,168**	5,639
Inventories		**9,538**	9,827
Trade receivables	8	**61,231**	64,501
Deposits, prepayments and other receivables	8	**9,291**	20,260
Current tax assets		**906**	680
Financial assets at fair value through profit or loss	10	**14,137**	–
Bank and cash balances		**114,383**	75,468
		214,908	179,786
Assets classified as held for sale		**–**	18,698
		214,908	198,484
Total assets		**519,270**	561,137

	Note	Unaudited 30 September 2020 *HK$'000*	Audited 31 March 2020 *HK$'000*
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**12,390**	12,390
Reserves		**383,417**	332,910
		395,807	345,300
Non-controlling interest		**(49)**	(32)
Total equity		**395,758**	345,268
LIABILITIES			
Non-current liabilities			
Lease liabilities		**15,228**	15,704
Deferred tax liabilities		**30,226**	30,241
		45,454	45,945
Current liabilities			
Contract liabilities		**–**	1,243
Loans from a shareholder		**–**	18,000
Borrowings		**19,873**	30,109
Lease liabilities	2	**15,108**	20,495
Trade and bills payables	9	**28,594**	21,545
Accruals and other payables	9	**7,822**	27,380
Amounts due to related companies		**1,152**	46,221
Current tax liabilities		**5,509**	4,931
		78,058	169,924
Total liabilities		**123,512**	215,869
Total equity and liabilities		**519,270**	561,137

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 September 2020 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting". The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this announcement is to be read in conjunction with the consolidated financial statements for the year ended 31 March 2020 and any public announcements made by the Group during the interim reporting period.

2 ACCOUNTING POLICIES

2.1 Changes in accounting policy and disclosures

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies applied in the interim condensed consolidated financial statements for the six months ended 30 September 2020 are consistent with those adopted in the consolidated financial statements for the year ended 31 March 2020.

For the Period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the unaudited condensed consolidated financial statement:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current period has no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3 REVENUE AND SEGMENT INFORMATION

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

	Unaudited Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
Revenue		
Leasing of machinery and provision of related services	**57,771**	47,397
Sales of machinery and spare parts and provision of related services	**11,985**	40,775
Transportation services	**7,390**	10,375
Property management services	**29,494**	29,319
Property leasing and subletting	**11,511**	13,537
	118,151	141,403

The chief operating decision-maker has been identified as the executive directors of the Company. Information is reported to the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments are as follows:

1. Leasing – Leasing of machinery and provision of related services

2. Trading – Sales of machinery and spare parts and provision of related services

3. Transportation – Provision of transportation services

4. Property management – Provision of property management services

5. Property leasing and subletting – Provision of property leasing and subletting

Segment revenue and results

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

For the six months ended 30 September 2020

	Unaudited					
	Trading *HK$'000*	**Leasing** *HK$'000*	**Transportation** *HK$'000*	**Property Management** *HK$'000*	**Property leasing and subletting** *HK$'000*	**Total** *HK$'000*
Revenue						
Segment revenue from external customers						
Timing of revenue recognition						
– At a point in time	**11,985**	**–**	**7,390**	**–**	**–**	**19,375**
– Over time	**–**	**57,771**	**–**	**29,494**	**11,511**	**98,776**
Results						
Segment profit	**1,516**	**22,117**	**1,898**	**19,157**	**9,580**	**54,268**
Unallocated corporate income						**16,131**
Unallocated corporate expenses						**(11,950)**
Profit before tax						**58,449**

For the six months ended 30 September 2019

	Unaudited					
	Trading *HK$'000*	Leasing *HK$'000*	Transportation *HK$'000*	Property Management *HK$'000*	Property leasing and subletting *HK$'000*	Total *HK$'000*
Revenue						
Segment revenue from external customers						
Timing of revenue recognition						
– At a point in time	40,775	–	10,375	–	–	51,150
– Over time	–	47,397	–	29,319	10,888	87,604
Results						
Segment profit	5,809	14,371	603	14,950	4,673	40,406
Unallocated corporate income						1,784
Unallocated corporate expenses						(9,972)
Profit before tax						32,218

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs, exchange differences, finance income and finance cost. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

No segment assets and liabilities are presented as the information is not regularly reported to the chief operating decision maker for the purpose of resource allocation and assessment of performance.

Other segment information

For the six months ended 30 September 2020

			Unaudited			
	Trading	**Leasing**	**Transportation**	**Property leasing and subletting**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Amounts included in the measure of segment results:						
Depreciation	**–**	**(14,778)**	**(1,095)**	**(404)**	**(3,897)**	**(20,174)**
Gain/(loss) on disposal of property, plant and equipment	**1,380**	**(635)**	**1,430**	**–**	**–**	**2,175**

For the six months ended 30 September 2019

			Unaudited			
	Trading	Leasing	Transportation	Property leasing and subletting	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in the measure of segment results:						
Depreciation	–	(17,344)	(1,960)	(3,404)	(861)	(23,569)
Gain/(loss) on disposal of property, plant and equipment	1,359	357	–	–	–	1,716

4 INCOME TAX EXPENSES

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

	Unaudited Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**2,425**	2,851
– Mainland China taxes	**7,757**	5,101
Deferred income tax	**–**	–
Income tax expenses	**10,182**	7,952

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the six months ended 30 September 2020 (six months ended 30 September 2019: 16.5%).

Mainland China Corporate Income Tax ("**CIT**") has been provided at the rate of 25% (six months ended 30 September 2019: 25%) on the estimated assessable profits which are subject to CIT.

5 EXPENSES BY NATURE

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

	Unaudited Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
Costs of machinery and equipment and spare parts sold	**11,467**	34,738
Cost of rent and management and office Expenses	**12,427**	14,607
Staff costs, including directors' emoluments	**18,971**	19,783
Leasing expense of machinery and equipment	**1,687**	3,565
Operating lease rental in respect of office and storage premises	**2,887**	2,386
Auditor's remuneration	**–**	720
Legal and professional fee	**1,346**	1,227
Amortization on IA	**483**	1,009
Depreciation		
– owned machinery and equipment	**18,107**	18,784
– machinery and equipment held under finance leases	**2,068**	4,785
Others	**7,551**	9,921
Total cost of sales and services, selling and administrative expenses	**76,994**	111,525

6 DIVIDENDS

The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 September 2020.

7 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Profit attributable to equity holders of the Company (*HK$'000*)	**48,267**	24,267
Weighted average number of ordinary shares in issue *(thousands)*	**6,195,000**	6,195,000
Basic earnings per share (*HK cents*)	**0.78**	0.39

(b) Diluted

Diluted earnings per share is of the same amount as the basic earnings per share as there were no potential dilutive ordinary share outstanding as at 30 September 2020 (30 September 2019: same).

8 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited 30 September 2020	Audited 31 March 2020
	HK$'000	*HK$'000*
Trade receivables	**62,936**	66,210
Allowance for doubtful debts	**(1,705)**	(1,709)
	61,231	64,501
Deposits, prepayments and other receivables	**9,291**	20,678
Less: non-current portion	**–**	(418)
Current portion	**9,291**	20,260

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

As at 30 September 2020, the ageing analysis of the trade receivables based on invoice date was as follows:

	Unaudited 30 September 2020 HK$'000	Audited 31 March 2020 HK$'000
0 to 30 days	**29,315**	26,214
31 to 60 days	**5,509**	14,941
61 to 90 days	**8,443**	5,549
More than 30 days	**19,669**	19,506
	62,936	66,210

9 TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	Unaudited 30 September 2020 HK$'000	Audited 31 March 2020 HK$'000
Trade and bills payables	**28,594**	21,545
Accruals and other payables *(Note i)*		
– Payable for acquisition of property usage rights	**–**	–
– Accruals and other payables	**7,822**	27,380
	36,416	48,925

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

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

	Unaudited 30 September 2020 HK$'000	Audited 31 March 2020 HK$'000
0 to 30 days	**14,006**	5,317
31 to 60 days	**4,224**	3,523
61 to 90 days	**6,894**	2,674
More than 30 days	**3,470**	10,031
	28,594	21,545

10 FINANCIAL ASSETS AT FVPL

Listed equity securities

At 30 September 2020, there are no significant concentrations of credit risk for those financial assets. At the end of the Period, no investments had exceeded 5% of the Group's total assets.

At 30 September 2020, the listed equity securities are listed in Hong Kong. The fair values of the listed equity securities are determined on the basis of quoted market closing bid prices available on the relevant stock exchanges at the end of each reporting period. This was almost entirely due to market-to-market unrealised loss of approximately HK$5,787,176 (from decrease in market values) as at 30 September 2020 (2019: nil), and no realised loss transactions (2019: nil).

These transactions did not constitute notifiable transactions pursuant to Chapter 14 of the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND MARKET PROSPECT

Zhaobangji Properties Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") is principally engaged in trading of machinery and spare parts, leasing of machinery and the provision of related services, the provision of transportation services in Hong Kong, and the provision of property management services, leasing of machinery and property leasing and subletting in the People's Republic of China (the "**PRC**").

The global economy continued to face unprecedented challenges during the six months ended 30 September 2020 (the "**Period**"). It is widely believed that the full effect of the COVID-19 pandemic has yet to be reflected in the economy. Nonetheless, the Group relishes the challenges ahead in this unprecedented period, continues to utilize its own network, and remains focused on selecting high quality commercial and residential projects in the Greater Bay Area, particularly in Shenzhen. The Board considers the Greater Bay Area and Shenzhen will continue to benefit from policies implemented by the Central Government of the PRC, and therefore more business opportunities will arise.

The prospect of the Greater Bay Area remains promising and it will continue to be an important carrier for the PRC to build a world-class urban agglomeration and participate in global competition. Compared with the world's "Three Great Bay Areas", Guangdong-Hong Kong-Macao Greater Bay Area is more advantageous, with a broad development space and huge economic volume. According to the changes in the market, while continuing to develop the sales and leasing business of machinery and spare parts, the Group will steadily expand the appropriate businesses, including the development of asset-light property management business and commercial management business in the Greater Bay Area.

Leasing of generators is one of the main businesses under our Group's leasing of machinery segment. In recent years, we have been striving to expand the varieties of products provided for rental purpose to aim for decentralizing the focus on leasing of generators and overcome the emergence of new products due to technological development. In the past two years, electric power generators which enhance environmental performance, reduce noise, maintain zero emission, facilitate costs effectiveness, have been launched in the construction market and our main product (traditional diesel generator) is facing the replacement-challenge by those generators. Due to comparably higher initial cost for electric power generators, current customers of electric power generators are mainly concentrated in major construction companies. However, government of HKSAR is actively promoting the low-carbon opportunities for new construction projects in recent year. Now most of the government projects (HKHA and CEDD) require contractors to use more environmentally friendly equipment in the construction process. Therefore, the appearance of electric power generators in the market significantly impacted our leasing business of traditional diesel generators, especially in larger capacity generators. We have commenced to discuss with different manufacturers for the exploration of electric power generators to adapt to the market change.

FINANCIAL REVIEW

Revenue

Our total revenue decreased by approximately HK$23.2 million, or approximately 16.4%, from approximately HK$141.4 million for the six months ended 30 September 2019 (the "**Previous Period**") to approximately HK$118.2 million for the Period. Such decrease was mainly attributable to: (i) the decrease in revenue from trading of construction machinery; and (ii) the decrease in revenue from transportation services.

Leasing of construction machinery

Our Group's revenue generated from leasing of construction machinery recorded an increase by approximately HK$10.4 million, or approximately 21.9%, from approximately HK$47.4 million for the Previous Period to approximately HK$57.8 million for the Period. Such increase was mainly due to the increase in construction machinery leasing business from the PRC for the Period.

Trading of construction machinery

Our Group's revenue generated from trading of construction machinery recorded a decrease by approximately HK$28.8 million, or approximately 70.6%, from approximately HK$40.8 million for the Previous Period to approximately HK$12 million for the Period. Such decrease was mainly attributable to the decrease in commencement of several public related projects and uncertianties in the overall economic outlook of Hong Kong which decreased the demand for construction machinery in the industry.

Transportation services

Our Group's revenue generated from transportation services decreased by approximately HK$3 million, or approximately 28.8%, from approximately HK$10.4 million for the Previous Period to approximately HK$7.4 million for the Period. The decrease was mainly due to the downturn in the overall economy of Hong Kong for the Period and the decline in the industry's demand for transportation services.

Property management services

Our Group's revenue generated from property management services increased by approximately HK$0.2 million, or approximately 0.7%, from approximately HK$29.3 million for the Previous Period to approximately HK$29.5 million for the Period. We will continue to expand our portfolio of properties under management, in line with the Board's strategy to leverage our resources to expand into the Greater Bay Area.

Property leasing and Subletting

Our Group's revenue generated from property leasing and subletting decreased by approximately HK$2 million, or approximately 14.8%, from approximately HK$13.5 million for the Previous Period to approximately HK$11.5 million for the Period. The decrease was due to the gradual reduction of the Group's property leasing business, and the development of the Group's property management and property service businesses.

Cost of Sales and Services

Our Group's cost of sales and services amounted to approximately HK$57.8 million for the Period, representing a decrease of approximately HK$33.9 million, or approximately 37% (Previous Period: approximately HK$91.7 million). Cost of sales and services mainly comprised of costs of machinery and equipment and spare parts, rental cost, staff costs and depreciation.

The decrease in cost of sales and services was in line with the lower revenue generated for the Period.

Gross Profit and Gross Profit Margin

Our Group's gross profit increased by approximately HK$10.6 million, or approximately 21.3%, from approximately HK$49.7 million for the Previous Period to approximately HK$60.3 million for the Period. Our gross profit margin increased to approximately 51% for the Period from approximately 35.1% for the Previous Period. The increase in gross profit margin was mainly attributable to the decrease in the trading of construction machinery and transportation business in Hong Kong, which has lower gross profit margin, and the increase in leasing of construction machinery business in the PRC, which has higher gross profit margin.

Other Income and Gains

Our Group's other income and gains increased by approximately HK$0.3 million, or approximately 9.7%, from gain of approximately HK$3.1 million for the Previous Period to gain of approximately HK$3.4 million for the Period. The increase in other income and gains was mainly attributable to disposal of plant and machinery and government support allowance.

Selling Expenses

Our Group's selling expenses decreased by approximately HK$0.4 million, or approximately 19%, from approximately HK$2.1 million for the Previous Period to approximately HK$1.7 million for the Period, mainly due to the decrease in staff costs in the selling department.

Administrative Expenses

Our Group's administrative expenses decreased by approximately HK$0.4 million, or approximately 2.3%, from approximately HK$17.7 million for the Previous Period to approximately HK$17.3 million for the Period. The decrease in administrative expenses was mainly attributable to lower staff costs incurred for the Period.

Finance Income

Our Group's finance income increased by approximately HK$32,000 or approximately 8.3% from approximately HK$384,000 for the Previous Period to approximately HK$416,000 for the Period, which was mainly attributable to increase in total fixed bank deposit amount.

Finance Costs

Our Group's finance costs decreased by approximately HK$0.1 million, or approximately 8.3%, from approximately HK$1.2 million for the Previous Period to approximately HK$1.1 million for the Period. The decrease in finance costs was mainly attributable to repayment of bank loan for the Period.

Income Tax Expense and Effective Tax Rate

Our Group's income tax expense increased by approximately HK$2.2 million, or approximately 27.5%, from approximately HK$8.0 million for the Previous Period to approximately HK$10.2 million for the Period, which was mainly attributable to the increase in the profit of the business segment in the PRC (which has higher tax rate than Hong Kong) for the Period.

Our Group's effective tax rate decreased from approximately 24.7% for the Previous Period to approximately 17.5% for the Period, mainly due to disposal in subsidiary for the Period being nontaxable.

Net Profit and Net Profit Margin

Our Group's net profit increased by approximately HK$24 million, from approximately HK$24.3 million for the Previous Period to HK$48.3 million for the Period, representing a net profit increase of approximately 98.8%.

Our Group's net profit margin was approximately 40.9% for the Period and 17.2% for the Previous Period, where the increase was mainly due to (i) a one-off gain on disposal of subsidiary of approximately HK$20 million for the Period; (ii) an increase in the Group's machinery leasing business in the PRC, which has higher net profit margin.

LIQUIDITY AND FINANCIAL RESOURCES REVIEW

The Group financed its operations through a combination of cash flow from operations, borrowings and obligations under finance leases. As at 30 September 2020, the Group had cash and cash equivalents of approximately HK$114.4 million (31 March 2020: approximately HK$75.4 million) which were mainly denominated in HK$, and had borrowings of approximately HK$19.9 million which bear interest at a fixed rate, (31 March 2020: approximately HK$30.1 million) and obligations under finance leases of approximately HK$30.3 million (31 March 2020: 36.2) respectively that were mainly denominated in HK$.

Gearing ratio is calculated as net debt divided by total equity at the end of the reporting period. Net debt is calculated as total borrowings and total obligations under finance leases less cash and cash equivalents and restricted cash. At 30 September 2020, the gearing ratio was not applicable due to the net cash position (2019: Same).

As at 30 September 2020, our Group's total current assets and current liabilities were approximately HK$214.9 million (31 March 2020: approximately HK$198.5 million) and approximately HK$78.10 million (31 March 2020: approximately HK$169.9 million), respectively. Our Group's current ratio increased to approximately 2.75 times as at 30 September 2020 (31 March 2020: 1.17 times). The current ratio increased mainly due to the settlement of shareholder loans.

PLEDGE OF ASSETS

As at 30 September 2020, our borrowings and obligations under finance leases were secured by property, plant and equipment with net carrying amount of approximately HK$76.9 million (31 March 2020: approximately HK$83.3 million).

CAPITAL STRUCTURE

As at 30 September 2020, the total issued share capital of the Company was approximately HK$12.4 million representing 6,195,000,000 ordinary shares of HK$0.002 each.

CAPITAL EXPENDITURE

The total capital expenditure incurred for the Period settled by cash was approximately HK$40 million (31 March 2020: approximately HK$175.1 million), which was mainly used in purchase of property, plant and equipment for property management services and purchase of machinery for our leasing business.

CURRENCY RISK

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

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

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at the end of the Period (31 March 2020: nil).

CAPITAL COMMITMENTS

Our capital commitments consist primarily of purchase of construction machinery for leasing purpose. As at 30 September 2020, there were approximately HK$6.8 million (31 March 2020: HK$9.8 million) capital commitments of machinery and equipment contracted but not provided for.

OTHER DISCLOSURE

Save as disclosed in this results announcement, since the publication of the 2020 annual report, there have been no material changes in the likely future business development of the Group, including the Company's prospects for the current financial year.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2020, our Group had 225 staff (31 March 2020: 156). The total staff costs incurred by our Group for the Period were approximately HK$18.9 million (Previous Period: approximately HK$19.8 million).

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

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

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

On 21 May 2020 (after trading hours), the Company and an independent third party entered into a sale and purchase agreement, pursuant to which, the Company agreed to sell and the independent third party agreed to purchase 100% of the issued shares of Jimaoshun Wealth Management Ltd, previously a direct wholly-owned subsidiary of the Company (the "**Disposal**"). The consideration for the Disposal was RMB70,000,000 and completion of the Disposal (the "**Completion**") took place on 27 May 2020 in accordance with the terms and conditions of the sale and purchase agreement. For details, please refer to the announcements of the Company dated 21 May 2020 in relation to the Disposal and 27 May 2020 in relation to the Completion.

INTERIM DIVIDEND

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE PRACTICES

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

AUDIT COMMITTEE

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

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

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

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

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

Hong Kong, 30 November 2020

As at the date of this announcement, the Board comprises six executive Directors, namely, Mr. Xu Chujia, Mr. Cai Chun Fai , Mr. Li Yan Sang, Mr. Sze-to Kin Keung, Mr. Wu Hanyu and Mr. Zhao Yiyong; two non-executive Directors, namely, Ms. Zhan Meiqing and Professor Lee Chack Fan, G.B.S., S.B.S., J.P.; and five independent non-executive Directors, namely, Mr. Hui Chin Tong Godfrey, Mr. Ma Fung Kwok, S.B.S., J.P., Mr. Wong Chun Man, Mr. Ye Longfei and Mr. Zhang Guoliang.