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Zhaobangji Lifestyle Holdings Limited **兆邦基生活控股有限公司**

(Formerly known as 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 ANNUAL RESULTS **FOR THE YEAR ENDED 31 MARCH 2024**

RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Zhaobangji Lifestyle Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2024 (the “**Year**”) together with comparative figures of the year ended 31 March 2023 (the “**Previous Year**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	5	267,691	258,353
Cost of sales and services		(226,378)	(225,603)
Gross profit		41,313	32,750
Other gains and losses, net		(13,690)	5,218
Expected credit losses on financial assets		(17,485)	(12,290)
Selling expenses		(24)	(2,944)
Administrative expenses		(38,613)	(60,745)
Loss from operations		(28,499)	(38,011)
Finance income		1,978	4,515
Finance costs		(1,662)	(1,950)
Finance income, net		316	2,565
Loss before income tax		(28,183)	(35,446)
Income tax credit/(expense)	7	149	(5,539)
Loss for the year		(28,034)	(40,985)
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(7,931)	(13,747)
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Fair value gain on financial asset at fair value through other comprehensive income		227	1,233
Other comprehensive expense for the year, net of tax		(7,704)	(12,514)
Total comprehensive expense for the year		(35,738)	(53,499)

	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to:		
Owners of the Company	(28,034)	(40,985)
Non-controlling interests	—	—
	<u>(28,034)</u>	<u>(40,985)</u>
Total comprehensive expense for the year attributable to:		
Owners of the Company	(35,741)	(53,502)
Non-controlling interests	3	3
	<u>(35,738)</u>	<u>(53,499)</u>
Loss per share for loss attributable to equity holders of the Company:		
Basic and diluted	10 <i>HK cents</i> <u>(0.45)</u>	<i>HK cents</i> <u>(0.66)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 March 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	11	135,435	150,577
Right-of-use assets		22,044	26,450
Deferred tax assets		551	–
Financial assets at fair value through other comprehensive income	12	5,003	4,855
Financial assets at fair value through profit or loss	14	70,389	85,680
Deposits, prepayments and other receivables	13	2,533	11,936
Loans receivable		73,039	46,203
		<u>308,994</u>	<u>325,701</u>
Current assets			
Tax recoverable		2,426	–
Inventories		5,270	7,460
Trade receivables	13	94,035	114,219
Deposits, prepayments and other receivables	13	41,787	37,722
Loans receivable		3,389	284
Financial assets at fair value through profit or loss	14	9,395	17,146
Amounts due from related companies		84	264
Amounts due from then related companies		16,704	11,925
Bank and cash balances		34,278	43,245
		<u>207,368</u>	<u>232,265</u>

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current liabilities			
Contract liabilities		9,460	5,071
Borrowings		7,482	16,317
Lease liabilities		20,824	22,374
Trade payables	15	21,140	18,045
Accruals and other payables	15	37,663	25,184
Amount due to a shareholder		1,825	–
Amounts due to related companies		133	6,115
Amounts due to then related companies		1,923	–
Current tax liabilities		3	4,252
		<u>100,453</u>	<u>97,358</u>
Net current assets		<u>106,915</u>	<u>134,907</u>
Total assets less current liabilities		<u>415,909</u>	<u>460,608</u>
Non-current liabilities			
Borrowings		2,707	9,710
Lease liabilities		1,921	2,599
Deferred tax liabilities		12,596	13,876
		<u>17,224</u>	<u>26,185</u>
NET ASSETS		<u>398,685</u>	<u>434,423</u>
Capital and reserves			
Share capital		12,390	12,390
Reserves		386,344	422,085
		<u>398,734</u>	<u>434,475</u>
Equity attributable to owners of the Company		398,734	434,475
Non-controlling interests		(49)	(52)
		<u>(49)</u>	<u>(52)</u>
TOTAL EQUITY		<u>398,685</u>	<u>434,423</u>

NOTES

1. GENERAL INFORMATION

Zhaobangji Lifestyle Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands with limited liability. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1- 1104, Cayman Islands. The address of its principal place of business is Unit 13-15, 11th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company and its subsidiaries (the “**Group**”) are principally engaged in trading of machinery and spare parts, leasing of machinery and the provision of related services, provision of transportation services and money lending business in Hong Kong and the provision of property management services, leasing of machinery, property leasing, subletting, retail and other businesses and money lending in the People’s Republic of China (the “**PRC**”).

In the opinion of the directors of the Company as at 31 March 2024, Boardwin Resources Limited, a company incorporated in the British Virgin Islands, is the immediate and ultimate parent and Mr. Xu Chujia is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND AMENDED HKFRSs

(a) New and amended HKFRSs that are effective for annual periods beginning on 1 April 2023

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2023:

HKFRS 17	Insurance Contracts and related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except for those mentioned below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 “Making Materiality Judgements” to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are applied by the Group on 1 April 2023 and are applied prospectively. The Group revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

New HKICPA guidance on the accounting implication of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism

In June 2022, the Hong Kong SAR Government gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will take effect on 1 May 2025 (the “**Transition Date**”). The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset LSP in respect of an employee's service from the Transition Date (the “**Abolition**”). In addition, the last month's salary immediately preceding the Transition Date is used to calculate the portion of the LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” (“**the Guidance**”) that provides guidance for the accounting for the offsetting mechanism and the impact arising from the abolition of the MPF-LSP offsetting mechanism.

By following the Guidance, the Group has changed its accounting policy in connection with its LSP obligations. As a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contribution after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, the Group reattribute the deemed employee contributions to periods of service in the same manner as the gross LSP benefit by applying paragraph 93(a) of HKAS 19 “Employee Benefits”. This change in accounting policy did not have any material impact on the opening balance of equity at 1 April 2022, and the earnings per share amounts for the year ended 31 March 2023. It also did not have a material impact on the company-level statements of financial position as at 31 March 2023 and 31 March 2024.

(b) Issue but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain amended HKFRSs have been published but are not yet effective, and have not been adopted early.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹ and related amendments to Hong Kong Interpretation 5 ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group’s accounting policy for the first period beginning on or after the effective date of the pronouncement. The amendments to HKFRSs are not expected to have a material impact on the Group’s consolidated financial statements.

4. MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

5. REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the year is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of machinery and spare parts and provision of related services	22,401	12,814
Transportation services	2,407	2,828
Property management services	78,369	81,920
Property leasing, subletting, retail and others	71,132	37,371
	<u>174,309</u>	<u>134,933</u>
Revenue from other sources		
Interest income on the net investments in subleases	–	423
Interest income on loans receivable	3,782	284
Property leasing, subletting, retail and others	7,654	5,888
	<u>11,436</u>	<u>6,595</u>
Leasing of machinery and provision of related services	81,946	116,825
	<u>93,382</u>	<u>123,420</u>
	<u><u>267,691</u></u>	<u><u>258,353</u></u>

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	Sales of machinery and spare parts and provision of related services		Transportation services		Property management services		Property leasing, subletting, retail and others		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Primary geographical markets										
Hong Kong	22,401	12,814	2,407	2,828	-	-	-	-	24,808	15,642
The PRC except Hong Kong	-	-	-	-	78,369	81,920	71,132	37,371	149,501	119,291
Revenue from external customers	<u>22,401</u>	<u>12,814</u>	<u>2,407</u>	<u>2,828</u>	<u>78,369</u>	<u>81,920</u>	<u>71,132</u>	<u>37,371</u>	<u>174,309</u>	<u>134,933</u>
Timing of revenue recognition										
Goods and services transferred at a point in time	22,401	12,814	2,407	2,828	-	-	-	-	24,808	15,642
Services transferred over time	-	-	-	-	78,369	81,920	71,132	37,371	149,501	119,291
Total	<u>22,401</u>	<u>12,814</u>	<u>2,407</u>	<u>2,828</u>	<u>78,369</u>	<u>81,920</u>	<u>71,132</u>	<u>37,371</u>	<u>174,309</u>	<u>134,933</u>

Revenue from other source not within the scope of HKFRS 15

	Leasing of machinery and provision of related services		Property leasing, subletting, retail and others		Money lending		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Primary geographical markets								
Hong Kong	75,232	101,606	-	-	3,430	284	78,662	101,890
The PRC except Hong Kong	6,714	15,219	7,654	6,311	352	-	14,720	21,530
Revenue from external customers	<u>81,946</u>	<u>116,825</u>	<u>7,654</u>	<u>6,311</u>	<u>3,782</u>	<u>284</u>	<u>93,382</u>	<u>123,420</u>

6. SEGMENT INFORMATION

The Group has six (2023: five) reportable segments as follows:

- (i) Trading – Sales of machinery and spare parts and provision of related services
- (ii) Leasing – Leasing of machinery and provision of related services
- (iii) Transportation – Provision of transportation services

- (iv) Property management – Provision of property management services
- (v) Property leasing, subletting, retail and others – Provision of property leasing, subletting, retail and other businesses
- (vi) Money Lending – Provision of money lending business

During the year ended 31 March 2024, the Group has further expanded in money lending business which has been presented as a single segment, comparative figures has been restated accordingly. The Board believes that the above changes in segment information better reflect current resource allocation and future business development of the Group.

Information reported to the directors of the Group, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group’s reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include corporate income and expenses, certain other gain and losses, finance income, finance costs and income tax.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

(i) Information about reportable segments profit or loss:

	Trading		Leasing		Transportation		Property management		Property leasing, subletting, retail and others		Money lending		Unallocated		Inter segment elimination		Total		
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 March																			
Revenue from external customers	22,401	12,814	81,946	116,825	2,407	2,828	78,369	81,920	78,786	43,682	3,782	284	-	-	-	-	267,691	258,353	
Inter-segment revenue*	-	-	-	-	-	-	1,592	1,042	-	-	-	-	-	-	(1,592)	(1,042)	-	-	
Reportable segment revenue	22,401	12,814	81,946	116,825	2,407	2,828	79,961	82,962	78,786	43,682	3,782	284	-	-	(1,592)	(1,042)	267,691	258,353	
Segment (loss)/profit before tax	(5,353)	(4,332)	7,155	(9,266)	1,991	451	4,358	26,259	(748)	(26,588)	704	284	-	-	-	-	8,107	(13,192)	
Depreciation and amortisation	-	-	(36,938)	(98,127)	(188)	(566)	-	-	(32,580)	(12,352)	-	-	(850)	(251)	-	-	(70,556)	(111,296)	
Gain on disposal of property, plant and equipment	-	-	4,319	3,151	-	-	-	-	-	-	-	-	-	-	-	-	4,319	3,151	
Loss on disposals of right-of-use assets	-	-	-	(3,078)	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,078)	
Write down of inventories	(1,684)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,684)	-	
Written-off on property, plant and equipment	-	-	(5,119)	(263)	-	-	-	-	-	-	-	-	-	-	-	-	(5,119)	(263)	
Written-off on right-of-use assets	-	-	-	(244)	-	-	-	-	-	-	-	-	-	-	-	-	-	(244)	
Finance income	132	45	1,123	3,300	-	-	5	5	718	1,163	-	-	-	2	-	-	1,978	4,515	
Finance costs	(28)	(166)	(366)	(668)	-	-	-	-	(1,268)	(1,116)	-	-	-	-	-	-	(1,662)	(1,950)	
(Provision for)/ Reversal of ECL allowance on financial assets	(232)	(510)	(9,727)	1,377	-	-	(3,735)	(5,625)	(713)	(4,735)	(3,078)	(2,797)	-	-	-	-	(17,485)	(12,290)	
Addition of property, plant and equipment	-	-	34,661	34,855	-	-	-	-	6,425	22,078	-	-	-	-	-	-	41,086	56,933	
Addition of right of use assets	-	-	-	4,985	-	-	-	-	26,461	26,439	-	-	-	-	-	-	26,461	31,424	

(ii) **Reconciliations of reportable segments revenue and profit or loss:**

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue		
Total revenue of reportable segments	<u>267,691</u>	<u>258,353</u>
Profit or loss		
Total profit or loss of reportable segments	8,107	(13,192)
Unallocated amounts:		
Unallocated corporate income	315	5,030
Unallocated corporate expenses	<u>(36,605)</u>	<u>(27,284)</u>
Consolidated loss before tax	<u>(28,183)</u>	<u>(35,446)</u>

(iii) **Geographical information:**

Revenue

The Group's revenue from external customers by location of operations are detailed below:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	103,470	117,532
PRC except Hong Kong	<u>164,221</u>	<u>140,821</u>
Consolidated total	<u>267,691</u>	<u>258,353</u>

Non-current assets

The Group's non-current assets, excluding financial instruments by location of operations are detailed below:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	101,975	109,768
PRC except Hong Kong	<u>55,504</u>	<u>67,259</u>
Consolidated total	<u>157,479</u>	<u>177,027</u>

(iv) **Revenue from major customers:**

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A*	<u>33,045</u>	<u>40,337</u>

* The revenue was derived from the leasing segment.

7. INCOME TAX (CREDIT)/EXPENSE

Income tax has been recognised in profit or loss as follows:

	2024 HK\$'000	2023 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	1,738	5,597
Overprovision in prior year	(56)	-
Current tax – PRC Enterprise Income Tax		
Provision for the year	–	11,335
Deferred tax	(1,831)	(11,393)
	(149)	5,539

For the years ended 31 March 2024 and 2023 under the two-tiered profits tax regime of Hong Kong Profits Tax, profits tax rate for the first HK\$2,000,000 of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. For the other Hong Kong established subsidiaries, Hong Kong Profits Tax has been provided at a rate 16.5% on the estimated assessable profits.

PRC Enterprise Income Tax has been provided at a rate of 25% (2023: 25%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/regions in which the Group's subsidiaries operate, based on existing legislation, interpretation and practices in respect thereof.

8. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2024 HK\$'000	2023 HK\$'000
Depreciation of property, plant and equipment	43,195	93,574
Depreciation of right-of-use assets	27,361	17,722
Gain on disposals of property, plant and equipment	(4,319)	(3,151)
Loss on disposals of right-of-use assets	–	3,078
Auditors' remunerations		
– Audit services	1,250	1,560
– Non-audit services	–	–
Cost of inventories sold	35,758	28,179
Write down of inventories to net realisable value	1,684	–
Written-off on property, plant and equipment	5,119	263
Written-off on right-of-use assets	–	244
ECL allowance on financial assets	17,485	12,290
Short term lease expenses	7,633	34,141

Note: Cost of sales and services includes depreciation of property, plant and equipment, depreciation of right-of-use assets and cost of inventories sold of approximately HK\$102,030,000 (2023: HK\$133,613,000).

9. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 March 2024 (2023: Nil).

10. LOSS PER SHARE

The calculation of the basic loss per share is based on the following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss		
Loss for the purpose of calculating basic loss per share (loss for the year attributable to owners of the Company)	<u>(28,034)</u>	<u>(40,985)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>6,195,000,000</u>	<u>6,195,000,000</u>

The Company did not have any potential dilutive shares for the years ended 31 March 2024 and 2023. Accordingly, the diluted loss per share are the same as the basic loss per share.

11. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 March 2024, the Group purchased and disposed property, plant and equipment with carrying amount of approximately HK\$41,086,000 and HK\$8,006,000 (2023: HK\$56,933,000 and HK\$8,382,000) and depreciation of property, plant and equipment of HK\$43,195,000 (2023: HK\$93,574,000) was recorded.

At 31 March 2024, the carrying amount of property, plant and equipment pledged as security for the Group's bank borrowings amounted to Nil (2023: Nil).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Unlisted equity securities	<u>5,003</u>	<u>4,855</u>

As at 31 March 2024, the unlisted equity securities represented an investment of 0.70% (2023: 0.70%) equity interest in a private company established in the PRC and are denominated in RMB.

The fair value of this investment at 31 March 2024 was valued on asset-based approach with reference to its consolidated management accounts provided by the management. The valuation was performed by an independent qualified valuation firm, 深圳市國政房地產土地資產評估顧問有限公司 (“**Guo Zheng Appraisal**”) (2023: Guo Zheng Appraisal). Guo Zheng Appraisal took into consideration the assets and liabilities of this investment and its current financial status.

13. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(a) Trade receivables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	121,162	128,117
Allowance for expected credit losses	<u>(27,127)</u>	<u>(13,898)</u>
	<u>94,035</u>	<u>114,219</u>

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 1 to 90 days. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors and senior management.

The ageing analysis of the Group's gross trade receivables, based on the invoice date is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	6,375	18,877
31 to 60 days	11,284	17,007
61 to 90 days	3,477	10,695
More than 90 days	<u>100,026</u>	<u>81,538</u>
	<u>121,162</u>	<u>128,117</u>

(b) Deposits, prepayments and other receivables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current portion:		
Deposits	617	6,258
Prepayments	1,629	12,959
Other receivables	<u>39,541</u>	<u>18,505</u>
	<u>41,787</u>	<u>37,722</u>
Non-current portion:		
Deposits	844	447
Other receivables	<u>1,689</u>	<u>11,489</u>
	<u>2,533</u>	<u>11,936</u>
	<u>44,320</u>	<u>49,658</u>

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current portion:		
Equity securities listed in Hong Kong	6,890	7,957
Unlisted fund investment	2,505	3,719
Derivative financial instruments		
– Call options	–	5,470
	<u>9,395</u>	<u>17,146</u>
Non-current portion: Distressed asset	<u>70,389</u>	<u>85,680</u>
	<u>79,784</u>	<u>102,826</u>

The equity securities are listed in Hong Kong, the unlisted fund investment and the call options are denominated in HK\$. The distressed asset is denominated in RMB.

15. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	21,140	18,045
Accruals and other payables	<u>37,663</u>	<u>25,184</u>
	<u>58,803</u>	<u>43,229</u>

The ageing analysis of the Group's trade payables, based on the date of receipt of goods or service consumed, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	1,951	3,537
31 to 60 days	2,726	2,605
61 to 90 days	453	867
More than 90 days	<u>16,010</u>	<u>11,036</u>
	<u>21,140</u>	<u>18,045</u>

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW AND MARKET PROSPECT

The Group is principally engaged in the trading of machinery and spare parts, leasing of machinery and provision of related services, provision of transportation services and money lending in Hong Kong, and provision of property management services, leasing of machinery, property leasing and subletting, and money lending in the People's Republic of China (the "PRC").

The overall market conditions were challenging this year as the slowdown in real estate market onshore and in Hong Kong impacted our construction equipment leasing and property management services businesses. Yet our self-operated retail arcades recorded significant increase in revenue following the opening of the border and ending of COVID social distancing restrictions.

In light of the challenging market conditions, the Board will continue to employ a low-leverage position and will continue to explore potential business opportunities to bring long-term value to the shareholders of the Company (the "Shareholders").

FINANCIAL REVIEW

Revenue

Our total revenue increased by approximately HK\$9.3 million, or 3.6%, from approximately HK\$258.4 million for the Previous Year to approximately HK\$267.7 million for the Year. Such increase was mainly attributable to: (i) the increase in revenue from property leasing, sub-letting, retail and others segment, most notably from self-operated retail arcades following the opening of the border and ending of COVID social distancing restrictions from HK\$43.3 million to HK\$78.8 million; (ii) the increase of sales of machinery and spare parts and provision of related services due to prevailing market conditions from HK\$12.8 million to HK\$22.4 million; which was offset by: (i) the reduction of property management services income due to the provision of certain property management fee concessions for certain properties under management as a result of poor market conditions from HK\$81.9 million to HK\$78.4 million; and (ii) the reduction of leasing of machinery and provision of related services income due to the slowdown of construction industry in Hong Kong from HK\$116.8 million to HK\$81.9 million.

Leasing of construction machinery

Our Group's revenue generated from leasing of construction machinery recorded a decrease by approximately HK\$34.9 million, or approximately 29.9%, from approximately HK\$116.8 million for the Previous Year to approximately HK\$81.9 million for the Year. Such decrease was mainly due to adverse construction market conditions in Hong Kong and Mainland China during the Year.

Trading of construction machinery

Our Group's revenue generated from trading of construction machinery recorded an increase by approximately HK\$9.6 million, or approximately 74.8%, from approximately HK\$12.8 million for the Previous Year to approximately HK\$22.4 million for the Year. Such increase was mainly due to favorable prevailing market conditions.

Transportation services

Our Group's revenue generated from transportation services decreased by approximately HK\$0.4 million, or approximately 14.9%, from approximately HK\$2.8 million for the Previous Year to approximately HK\$2.4 million for the Year. It is our Group's strategy to reduce our exposure to transportation business as we foresee a decline in market demand in this sector.

Property management services

Our Group's revenue generated from property management services decreased by approximately HK\$3.6 million, or approximately 4.3%, from approximately HK\$81.9 million for the Previous Year to approximately HK\$78.4 million for the Year. The decrease was mainly due to the provision of certain property management fee concessions for certain properties under management as a result of poor market conditions.

Property leasing, subletting services and retail businesses

Our Group's revenue generated from property leasing, subletting services and retail businesses increased by approximately HK\$35.1 million, or approximately 80.4%, from approximately HK\$43.7 million for the Previous Year to approximately HK\$78.8 million for the Year. Such increase was mainly the result of the increase in revenue from self-operated retail arcades following the opening of the border and ending of COVID social distancing restrictions.

Money Lending

Our Group's revenue generated from money lending increased by approximately HK\$3.5 million from HK\$0.3 million to HK\$3.8 million. Such increase was mainly due to the full year effect of loans extended in early 2023.

Cost of Sales and Services

Our Group's cost of sales and services increase by approximately HK\$0.8 million, or approximately 0.3%, from approximately HK\$225.6 million for the Previous Year to approximately HK\$226.4 million for the Year. Cost of sales and services mainly comprised costs of machinery and equipment and spare parts, staff costs and depreciation. The decrease in cost of sales and services was mainly due to lower depreciation expenses of our leasing equipments.

Gross Profit and Gross Profit Margin

Our Group's gross profit increased by approximately HK\$8.6 million, or approximately 26.1%, from approximately HK\$32.8 million for the Previous Year to approximately HK\$41.3 million for the Year, and our gross profit margin increased from approximately 12.7% for the Previous Year to approximately 15.4% for the Year as a result of lower cost of sales and services mentioned above.

Other Gains and Losses

Our Group's other gains and losses decreased by approximately HK\$18.9 million, from approximately HK\$5.2 million gains for the Previous Year to approximately HK\$13.7 million loss for the Year. The decrease was mainly due to a HK\$13.2 million fair value loss on financial assets at FVTPL this year, which arose from the revaluation decrease of a distressed loan, as the fair value of the underlying property collateral decreased from adverse real estate market conditions.

Expected credit losses on financial assets

Our Group's expected credit losses on financial assets increased by approximately HK\$5.2 million, or approximately 42.3%, from approximately HK\$12.3 million to approximately HK\$17.5 million. The increase was mainly due to a larger amount of longer aged receivables this Year.

Selling Expenses

Our Group's selling expenses decreased by approximately HK\$2.9 million, or approximately 99.2%, from approximately HK\$2.9 million for the Previous Year to approximately less than HK\$0.1 million for the Year, mainly due to decrease in staff cost in the selling department.

Administrative Expenses

Our Group's administrative expenses decreased by approximately HK\$22.1 million, or 36.4%, from approximately HK\$60.7 million for the Previous Year to approximately HK\$38.6 million for the Year. The decrease is mainly attributable to the reduction of depreciation of property, plant and equipment and short term lease expenses.

Finance Income

Our Group's finance income decreased by approximately HK\$2.5 million, or approximately 56.2%, from approximately HK\$4.5 million for the Previous Year to approximately HK\$2.0 million for the Year as certain interest from receivables were re-categorized to revenue this Year.

Finance Costs

Our Group's finance costs decreased by approximately HK\$0.3 million, or approximately 14.8%, from approximately HK\$2.0 million for the Previous Year to approximately HK\$1.7 million for the Year. The decrease was mainly due to a reduction in borrowing this Year.

Income Tax Credit/(Expense) and Effective Tax Rate

Our Group's income tax credit/(expense) decreased by approximately HK\$5.7 million, or approximately 102.7%, from approximately HK\$5.5 million tax expense for the Previous Year to approximately HK\$0.1 million tax credit for the Year. The decline was mainly due to the loss-making position from business units during the Year.

The effective tax rate was not applicable for the Year and the Previous Year as the Group were loss-making.

Net Loss

The Group's net loss reduced by approximately HK\$13.0 million from approximately HK\$41.0 million in the Previous Year to approximately HK\$28.0 million this Year.

LIQUIDITY AND FINANCIAL RESOURCES REVIEW

The Group financed its operations through a combination of cash flow from operations, borrowings and lease liabilities. As at 31 March 2024, the Group had cash and bank balance of approximately HK\$34.3 million (2023: approximately HK\$43.2 million) which were mainly denominated in HK\$ and RMB, and had borrowings of approximately HK\$10.2 million (2023: approximately HK\$26.0 million) and lease liabilities of approximately HK\$22.7 million (2023: approximately HK\$25.0 million) respectively that were mainly in HK\$ and RMB.

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 bank balances and restricted cash. As at 31 March 2024, the Group was in a net cash position (2023: net cash position).

As at 31 March 2024, our Group's total current assets and current liabilities were approximately HK\$207.4 million (2023: approximately HK\$232.3 million) and approximately HK\$100.5 million (2023: approximately HK\$97.4 million) respectively. Our Group's current ratio was approximately 2.1 times as at 31 March 2024 (2023: 2.4 times).

PLEDGE OF ASSETS

As at 31 March 2024, our Group's borrowings of HK\$10.1 million (2023: approximately HK\$26.0 million) and lease liabilities of HK\$22.7 million (2023: approximately HK\$25.0 million) were not secured by property, plant and equipment and right-of-use assets (2023: nil).

CAPITAL STRUCTURE

As at 31 March 2024, the total issued share capital of the Company was HK\$12,390,000 divided into 6,195,000,000 ordinary shares of HK\$0.002 each.

CAPITAL EXPENDITURE

The total capital expenditure incurred for the Year settled by cash was approximately HK\$41.1 million (2023: approximately HK\$56.9 million) which was mainly used in purchase of property, plant and equipment for our leasing business and property decoration.

CURRENCY RISK

Certain transactions of the Group are denominated in currencies which are different from the functional currencies of the Group's principal subsidiaries, namely, HK\$ and RMB, 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, EUR and RMB. Payments received by the Group from its customers are mainly denominated in HK\$ and RMB.

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 at the end of the reporting period (31 March 2023: Nil).

CAPITAL COMMITMENTS

Our capital commitments consist primarily of purchase of construction machinery for leasing purpose. As at 31 March 2024, there were approximately HK\$5.8 million (31 March 2023: HK\$5.3 million) of capital commitments in machinery and equipment contracted but not provided for.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, our Group had 706 staff members (2023: 380). The total staff costs incurred by our Group for the Year were approximately HK\$55.4 million (2023: approximately HK\$46.0 million). The increase in staff costs was mainly due to higher headcount for the Year.

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 in Hong Kong and contribute an amount to certain retirement benefit schemes of those employees in the PRC.

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

Save as to the distressed secured loan of RMB80,000,000 (equivalent to approximately HK\$91,200,000) principal amount acquired for a cash consideration of RMB65,000,000 (equivalent to approximately HK\$74,100,000), the details of which has been disclosed in the Company's announcement dated 8 September 2022, the Group did not have any significant investments held.

During the Year, the Group did not have of subsidiaries, associates or joint ventures.

As at the date of this announcement, the Group does not have any plans for material investments or capital asset.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There was no significant events affecting the Group after the end of the Year up to the date of this announcement.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to the written resolutions passed on 23 January 2017. From the date of the adoption of the Share Option Scheme and up to 31 March 2024, no share option has been granted, or agreed to be granted, under the Share Option Scheme.

OTHER INFORMATION

Corporate Governance Practices

The Group is committed to maintain high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix C1 to the Listing Rules as our corporate governance practices. The Company has complied with the applicable code provisions under the CG Code during the Year.

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 C3 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 Year.

Scope of work of Grant Thornton Hong Kong Limited

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Grant Thornton Hong Kong Limited on the preliminary announcement.

Review by Audit Committee

The annual results of the Group for the Year have been reviewed by the audit committee of the Company.

Dividend

The Directors do not recommend the payment of a final dividend for the Year (2023: Nil).

Closure of Register of Members

For determining the entitlement to attend and vote at the annual general meeting (“AGM”) of the Company to be held on Thursday 15 August 2024, the register of members of the Company will be closed from Monday, 12 August 2024 to Thursday, 15 August 2024 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s registrar, Tricor Investor Services Limited, 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Friday, 9 August 2024.

Publication of the Results Announcement and Annual Report

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

The annual report of the Company for the Year will also be available at the respective websites of the Company and the Stock Exchange and will be despatched to the Shareholders in July.

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

Hong Kong, 28 June 2024

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Xu Chujia, Mr. Xu Chusheng, Mr. Xu Zhicong, Mr. Yin Ying Cai, and Ms. Zhang Yu; one non-executive Director, namely, Ms. Tsim Ying Wah (formerly known as Ms. Zhan Meiqing); and three independent non-executive Directors, namely, Mr. Hui Chin Tong Godfrey, Mr. Ye Longfei and Mr. Yu Chor On.

* *For identification purpose only*