

CHINA ALL NATION INTERNATIONAL HOLDINGS GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8170

2021/22
INTERIM REPORT





CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of China All Nation International Holdings Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Lin Ye (*Chairman*)

Mr. Au Siu Chung (*Compliance Officer*)

Ms. Xiao Yi Liao Ge

Mr. Guo Junsheng (*appointed on 17 December 2021 and resigned with effect from 1 January 2022*)

Independent Non-executive Directors:

Ms. Kwong Ka Ki

Ms. Guo Liying

Mr. Yu Hua Chang

AUDIT COMMITTEE

Ms. Kwong Ka Ki (*Chairperson*)

Ms. Guo Liying

Mr. Yu Hua Chang

REMUNERATION COMMITTEE

Ms. Guo Liying (*Chairperson*)

Mr. Au Siu Chung

Ms. Kwong Ka Ki

NOMINATION COMMITTEE

Ms. Kwong Ka Ki (*Chairperson*)

Ms. Guo Liying

Mr. Yu Hua Chang

LEGAL COMPLIANCE COMMITTEE

Ms. Guo Liying (*Chairperson*)

Mr. Au Siu Chung

Ms. Kwong Ka Ki

COMPANY SECRETARY

Ms. Lung Yuet Kwan

AUTHORISED REPRESENTATIVES

Mr. Lin Ye

Mr. Au Siu Chung

INDEPENDENT AUDITOR

Moore Stephens CPA Limited

Public Interest Entity Auditor registered in accordance with Financial Reporting Council Ordinance

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3

Regatta Office Park

PO Box 1350

Grand Cayman

KY1-1108

Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2918, 29/F.

Shui On Centre

No. 6-8 Harbour Road

Wanchai

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited

Windward 3

Regatta Office Park

PO Box 1350

Grand Cayman

KY1-1108

Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

DBS Bank (Hong Kong) Limited
G/F., The Center, 99 Queen's Road Central
Central, Hong Kong

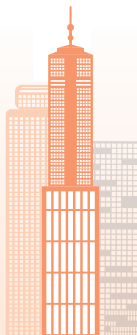
**The Hongkong and Shanghai Bank Corporation
Limited**
1 Queen's Road Central
Hong Kong

COMPANY WEBSITE

www.allnationinternational.com
(information of this website does not
form part of this report)

STOCK CODE

08170



FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED 31 JANUARY 2022

- The Group's revenue amounted to approximately HK\$66.2 million for the six months ended 31 January 2022 (the "Relevant Period"), representing a decrease of approximately HK\$22.1 million or approximately 25.0% as compared to the six months ended 31 January 2021.
- The profit for the period is approximately HK\$7.3 million for the Relevant Period, representing an increase of approximately HK\$2.1 million or approximately 41.1% as compared to the six months ended 31 January 2021, which is mainly due to the increase in revenue derived from the commission income from commodity trading of the Group during the Relevant Period.
- The Board does not recommend the payment of dividend for the Relevant Period.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 January 2022

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 January 2022 (“Relevant Period”), together with the unaudited comparative figures for the corresponding period in 2021, as follows:

	Notes	Three months ended 31 January		Six months ended 31 January	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	29,194	36,226	66,157	88,257
Cost of services		(17,584)	(26,118)	(37,492)	(63,721)
Gross profit		11,610	10,108	28,665	24,536
Other income and gains	4	381	1,753	956	2,800
Administrative and other operating expenses		(6,074)	(4,254)	(10,573)	(9,770)
Impairment loss allowance on trade receivables, contract assets and finance lease receivables, net		(381)	(748)	(381)	(748)
Finance costs	5	(3,451)	(4,284)	(7,271)	(8,645)
Profit before income tax	6	2,085	2,575	11,396	8,173
Income tax expense	7	(678)	(1,001)	(4,127)	(3,021)
Profit for the period		1,407	1,574	7,269	5,152
Other comprehensive income/(expense) for the period					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of financial statements of foreign operations		(252)	4,149	2,339	6,626
Total comprehensive income for the period, net of income tax		1,155	5,723	9,608	11,778

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 January 2022

	Three months ended		Six months ended		
	31 January		31 January		
Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	
Profit/(loss) for the period attributable to:					
Owners of the Company	1,407	1,578	7,269	5,157	
Non-controlling interests	—	(4)	—	(5)	
	<u>1,407</u>	<u>1,574</u>	<u>7,269</u>	<u>5,152</u>	
Total comprehensive income/(expense) for the period attributable to:					
Owners of the Company	1,155	5,727	9,608	11,783	
Non-controlling interests	—	(4)	—	(5)	
	<u>1,155</u>	<u>5,723</u>	<u>9,608</u>	<u>11,778</u>	
Earnings per share attributable to the owners of the Company					
– Basic and diluted earnings per share (HK cents)	8	0.34	0.38	1.77	1.25

Details of dividends are disclosed in Note 9 to the unaudited condensed consolidated financial statements of the Company.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 January 2022

	Notes	As at 31 January 2022 HK\$'000 (Unaudited)	As at 31 July 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	256	776
Investment properties	11	49,319	58,306
Right-of-use assets		1,524	249
Finance lease receivables	12	73,259	58,628
Goodwill		230	230
Deposits paid	14	15,092	12,422
		<u>139,680</u>	<u>130,611</u>
Current assets			
Trade receivables	13	17,304	15,626
Contract assets	13	4,049	8,685
Finance lease receivables	12	67,399	51,878
Prepayments, deposits paid and other receivables	14	77,474	24,957
Restricted cash	15	—	—
Cash and cash equivalents	15	34,507	112,830
		<u>200,733</u>	<u>213,976</u>
Current liabilities			
Trade and other payables	16	25,317	38,798
Lease liabilities	17	74,240	68,630
Loan from a shareholder	18	—	14,600
Tax payable		1,423	4,278
		<u>100,980</u>	<u>126,306</u>
Net current assets		<u>99,753</u>	<u>87,670</u>
Total assets less current liabilities		<u>239,433</u>	<u>218,281</u>
Non-current liabilities			
Deposits received	16	11,685	10,924
Deferred tax liabilities		3,162	2,123
Lease liabilities	17	92,688	82,944
		<u>107,535</u>	<u>95,991</u>
Net assets		<u><u>131,898</u></u>	<u><u>122,290</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 January 2022

	Notes	As at 31 January 2022 HK\$'000 (Unaudited)	As at 31 July 2021 HK\$'000 (Audited)
Equity			
Share capital	19	4,112	4,112
Reserves	20	<u>127,876</u>	<u>118,178</u>
Equity attributable to owners of the Company and total equity		<u>131,898</u>	<u>122,290</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 January 2022

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Sub-total		
	HK\$'000 (Note 19)	HK\$'000	HK\$'000 (Note 20)	HK'000	HK\$'000	HK\$'000
As at 1 August 2020 (audited)	4,112	24,394	70,127	98,633	(750)	97,883
Profit for the period	—	—	5,157	5,157	(5)	5,152
Other comprehensive income for the period						
Exchange differences on translation of financial statements of foreign operations	—	—	6,626	6,626	—	6,626
Total comprehensive income/(expense) for the period	—	—	11,783	11,783	(5)	11,778
Disposal of a subsidiary	—	—	—	—	755	755
As at 31 January 2021 (unaudited)	4,112	24,394	81,910	110,416	—	110,416
As at 1 August 2021 (audited)	4,112	24,394	93,784	122,290	—	122,290
Profit for the period	—	—	7,269	7,269	—	7,269
Other comprehensive income for the period						
Exchange differences on translation of financial statements of foreign operations	—	—	2,339	2,339	—	2,339
Total comprehensive income for the period	—	—	9,608	9,608	—	9,608
As at 31 January 2022 (unaudited)	4,112	24,394	103,392	131,898	—	131,898

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 January 2022

	Notes	Six months ended 31 January	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Cash flows from operating activities			
Net cash generated from operations		(8,133)	75,846
Income tax paid		(6,018)	(4,143)
Interest received		633	649
Net cash (used in)/generated from operating activities		(13,518)	72,352
Cash flows from investing activities			
Net cash inflow on disposal of a subsidiary		—	505
Proceeds from disposal of property, plant and equipment		1,133	—
Purchases of property, plant and equipment	10	(11)	(141)
Net cash generated from investing activities		1,122	364
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(44,694)	(46,877)
Interest paid	5	(6,871)	(7,927)
Repayment to a shareholder	18	(15,000)	—
Net cash used in financing activities		(66,565)	(54,804)
Net (decrease)/increase in cash and cash equivalents		(78,961)	17,912
Cash and cash equivalents at beginning of the period		112,830	82,696
Effect of foreign exchange rate changes		638	2,974
Cash and cash equivalents at end of the period, represented by cash at banks and on hand	15	34,507	103,582

1. GENERAL INFORMATION

China All Nation International Holdings Group Limited (the “**Company**”), was incorporated and registered as an exempted company with limited liability under the Companies Law of the Cayman Islands. The issued shares of the Company are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The registered office address of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company’s principal place of business in Hong Kong is Unit 2918, 29/F., Shui On Centre, No. 6–8 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of civil engineering consulting and contracting services in Hong Kong, property sub-leasing and management business in the People’s Republic of China (the “**PRC**”) and interior design services and decoration works in both Hong Kong and PRC and commodity trading business in the PRC.

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements of the Company have been prepared in accordance with Hong Kong Accounting Standards 34, *Interim Financial Reporting* (“**HKAS 34**”), issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure required by the Rules Governing the Listing of Securities on GEM on Stock Exchange (the “**Listing Rules**”).

These unaudited condensed consolidated financial statements for the six months ended 31 January 2022 comprise the Company and its subsidiaries (the “**Group**”), which contains unaudited condensed consolidated financial statements and selected explanatory notes.

The preparation of the unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 July 2021, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) as disclosed in Note 3.



UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

2. BASIS OF PREPARATION – *continued*

The unaudited condensed consolidated financial statements have been presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated. The unaudited condensed consolidated financial statements contain unaudited condensed consolidated financial statements and selected explanatory notes. The notes include the explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual consolidated financial statements. These unaudited condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 July 2021.

The unaudited condensed consolidated financial statements of the Company for the six months ended 31 January 2022 have been reviewed by the audit committee, while the comparative figures had been audited by the Company’s independent auditor on a voluntary basis.

The accounting policies and method of computation adopted in preparing these unaudited condensed consolidated financial statements were consistent with those adopted for the Group’s consolidated financial statements for the year ended 31 July 2021 other than changes in accounting policies resulting from adoption of the new or amendments to HKFRSs effective for the accounting periods beginning on or after 1 August 2021.

The HKICPA has issued a number of new or amendments to HKFRSs that are first effective for the current accounting period of the Group. None of the developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in these unaudited condensed consolidated financial statements. The Group has not adopted any amendments to HKFRSs that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group’s turnover, represents revenue from provision of contracting, property sub-leasing and management services, interior design services and decoration works, and commodity trading in the ordinary course of business. Revenue recognised during the six months ended 31 January 2022 are as follows:

	Six months ended 31 January	
	2022 HK\$’000 (Unaudited)	2021 HK\$’000 (Unaudited)
Revenue from property sub-leasing:		
Gross rental income	30,260	32,500
Finance income on finance lease receivables	5,063	4,073
Net income from sub-leasing right-of-use assets	13,018	3,862
Revenue from contracts with customers within the scope of HKFRS 15, types of goods or services:		
Contracting	700	4,070
Property management fee income and value-adding services	6,292	5,734
Interior design and decoration works	5,367	38,018
Commission income from commodity trading	5,457	—
	66,157	88,257

3. REVENUE AND SEGMENT INFORMATION – *continued*

Segment reporting

The management of the Company has determined the operating segments based on the reports reviewed by the Directors of the Company, the chief operating decision-maker, that are used to make strategic decisions. The Directors consider the business from a product/service perspective.

The Group's operating and reportable segments are analysed as follows:

Contracting: Provision of undertaking general building works as contractor in Hong Kong.

Interior design and decoration works: Provision of interior design services and decoration works in Hong Kong and the PRC.

Property sub-leasing and management service: The sub-leasing of properties and provision of property management and value-adding services in the PRC.

Commodity trading: Provision of arrangement services in trading of non-ferrous metals in the PRC.

No operating segments have been aggregated to form the above reportable segments.

Segment revenue is measured in a manner consistent with that in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

The Directors assess the performance of the operating segments based on a measure of segment results. Unallocated corporate expenses, income tax expenses and other major items that are isolated and non-recurring in nature are not included in segment results.

Segment assets mainly consist of current assets and non-current assets as disclosed in the unaudited condensed consolidated statement of financial position except restricted cash, cash and cash equivalents, unallocated property, plant and equipment, unallocated right-of-use assets, and unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities mainly consist of current liabilities as disclosed in the unaudited condensed consolidated statement of financial position except unallocated corporate liabilities, unallocated lease liabilities, tax payable and deferred tax liabilities as these liabilities are managed on a group basis.



UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

3. REVENUE AND SEGMENT INFORMATION – *continued*

Segment reporting – *continued*

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance is set out below:

	Contracting HK\$'000	Interior design and decoration HK\$'000	Property sub- leasing and management service HK\$'000	Commodity trading HK\$'000	Total HK\$'000
For six months ended 31 January 2022 (unaudited)					
Revenue from external customers and disaggregated by timing of revenue recognition					
Over time	700	5,367	54,633	—	60,700
Point in time	—	—	—	5,457	5,457
Reportable segment profit	172	230	14,136	2,941	17,479
Unallocated corporate expenses					(6,083)
Profit before income tax					11,396
Income tax expense					(4,127)
Profit for the period					7,269
Included in segment results are:					
Unwinding of imputed interest on shareholder's loan	—	—	400	—	400
Depreciation of investment properties	—	—	20,887	—	20,887
Depreciation of property, plant and equipment	—	6	309	1	316
Impairment loss allowance on trade receivables, contract assets and finance lease receivables, net	(90)	347	884	—	1,141
At 31 January 2022 (unaudited)					
Segment assets	694	7,364	232,912	57,933	298,903
Cash and cash equivalents					34,507
Unallocated assets					7,003
Consolidated total assets					340,413
Included in segment assets are:					
Additions to non-current assets	—	—	11	—	11
Segment liabilities	—	4,535	197,965	717	203,217
Tax payable					1,423
Deferred tax liabilities					3,162
Unallocated liabilities					713
Consolidated total liabilities					208,515

UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

3. REVENUE AND SEGMENT INFORMATION – *continued*

Segment reporting – *continued*

	Contracting HK\$'000	Interior design and decoration HK\$'000	Property sub- leasing and management service HK\$'000	Total HK\$'000
For six months ended 31 January 2021 (unaudited)				
Revenue from external customers and disaggregated by timing of revenue recognition				
Services transferred over time	4,070	38,018	46,169	88,257
Reportable segment profit	1,385	6,520	8,103	16,008
Gain on disposal of a subsidiary (Note 4)				1,296
Unallocated corporate expenses				(9,131)
Profit before income tax				8,173
Income tax expense				(3,021)
Profit for the period				5,152
Included in segment results are:				
Unwinding of imputed interest on shareholder's loan	–	–	718	718
Depreciation of investment properties	–	–	22,440	22,440
Depreciation of property, plant and equipment	–	84	326	410
Impairment loss allowance on trade receivables, contract assets and finance lease receivables, net	–	695	53	748
At 31 January 2021 (unaudited)				
Segment assets	7,885	45,108	202,071	255,064
Cash and cash equivalent				112,830
Unallocated assets				1,564
Consolidated total assets				369,458
Included in segment assets are:				
Additions to non-current assets	–	–	27,393	27,393
Segment liabilities	2,872	33,560	213,716	250,148
Tax payable				4,884
Deferred tax liabilities				1,135
Unallocated liabilities				2,875
Consolidated total liabilities				259,042

Note: There is no inter-segment revenue for both periods.

UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

4. OTHER INCOME AND GAINS

	Six months ended 31 January	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Bank interest income	633	649
Gain on disposal of a subsidiary	—	1,296
Government grants	—	432
Tax relief on value-added tax	314	356
Others	9	67
	<u>956</u>	<u>2,800</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 31 January	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest on lease liabilities	6,871	7,927
Unwinding of imputed interest on loan from a shareholder (Note 18)	400	718
	<u>7,271</u>	<u>8,645</u>

UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Six months ended 31 January	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Sub-contracting costs recognised as an expense	4,886	32,863
Depreciation of investment properties	20,887	22,440
Depreciation of property, plant and equipment	329	429
Depreciation of right-of-use assets	467	440
Loss on derecognition upon termination of leases of finance lease receivables and lease liabilities	2,786	1,898
Expenses relating to short-term leases	3,853	2,232
Employee benefits expense (including directors' emoluments) (Note 21(b))*:		
– Salaries and allowances	4,991	5,024
– Retirement benefit scheme contributions (defined contribution scheme)	393	177
Other expenses [#]	—	419

* Employee benefit expense (including directors' emolument) of approximately HK\$484,000 (six months ended 31 January 2021: HK\$524,000) and approximately HK\$4,900,000 (six months ended 31 January 2021: HK\$4,677,000) has been included in cost of services and administrative and other expenses respectively.

[#] Other expenses relate to expenses of the Group not incurred in the ordinary and usual course of business of the Group which include professional fees incurred by the Group in attending to the queries of the Stock Exchange on maintaining the listing status of the Company.

7. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

The Group's operations in Hong Kong is subject to Hong Kong Profits Tax at a rate of 8.25% or 16.5% (six months ended 31 January 2021: 8.25% or 16.5%) on the estimated assessable profits arising in Hong Kong during the period after deducting accumulated tax losses brought forward, if any.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities are not qualifying for the two-tiered profits tax rates regime and continue to be taxed at a flat rate of 16.5%.

UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

7. INCOME TAX EXPENSE – *continued*

No Hong Kong profits tax has been provided for the period in the unaudited condensed consolidated financial statements as the Group has tax losses brought forward from previous years for the six months ended 31 January 2021 and 2022.

The PRC Enterprise Income Tax (the “EIT”) is calculated at the rate of 25% prevailing in the PRC jurisdiction for the six months ended 31 January 2022 (six months ended 31 January 2021: 25%).

	Six months ended 31 January	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current – PRC EIT		
Charge for the period	3,138	4,150
Deferred tax	<u>989</u>	<u>(1,129)</u>
Income tax expense	<u><u>4,127</u></u>	<u><u>3,021</u></u>

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately HK\$6,905,000 (31 July 2021: approximately HK\$6,269,000) in respect of losses amounting to approximately HK\$41,848,000 (31 July 2021: approximately HK\$37,996,000) that can be carried forward against future taxable income. Tax losses may be carried forward indefinitely. Certain amounts of unused tax losses are subject to approval from the Hong Kong Inland Revenue Department.

Other than unused tax losses not recognised, deferred tax liabilities recognised under business combination in prior year, and the recognised under the impact on HKFRS 16 Leases, the Group does not have deferred income tax assets and liabilities in the condensed consolidated financial statements as the Group did not have other material temporary differences arising between tax bases of assets and liabilities and their carrying amounts as at 31 January 2022 (31 July 2021: Nil).

UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

8. EARNINGS PER SHARE

	Six months ended 31 January	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>7,269</u>	<u>5,157</u>
	Number of shares '000 (Unaudited)	Number of shares '000 (Unaudited)
Weighted average number of ordinary shares in issue for the purpose of basic and diluted earnings per share	<u>411,200</u>	<u>411,200</u>

There were no dilutive potential ordinary shares during the six months ended 31 January 2022 (six months ended 31 January 2021: Nil) and therefore, the amount of diluted earnings per share is same as the amount of basic earnings per share.

9. DIVIDENDS

The Board of Directors (the "Board") did not recommend a payment of an interim dividend for the six months ended 31 January 2022 (six months ended 31 January 2021: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 January 2022, the Group acquired certain property, plant and equipment of approximately HK\$11,000 (six months ended 31 January 2021: HK\$ HK\$141,000).

UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

11. INVESTMENT PROPERTIES

The Group's investment properties are leased properties in relation to operating lease used in sub-leasing business.

During the six months ended 31 January 2022, addition of investment properties of the Group is approximately HK\$11,257,000 (six months ended 31 July 2021: HK\$28,916,000).

At 31 January 2022, no investment properties of the Group were pledged to secure any borrowings to the Group (31 July 2021: Nil).

At 31 January 2022, an independent valuer assessed the fair values which were derived by using income capitalisation method (31 July 2021: income capitalisation method). Income capitalisation method is based on capitalising the rental income derived from the existing tenancies, if any, with due provision for the reversionary potential of each constituent portion of the property at appropriate capitalisation rates. As at 31 January 2022, the fair value of investment properties at level 3 hierarchy is approximately HK\$106,275,000 (31 July 2021: HK\$78,010,000).

In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use.

UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

12. FINANCE LEASE RECEIVABLES

Certain leased properties under subleases were accounted for as finance leases receivables and have remaining lease terms ranging from 1 to 8 years (31 July 2021: 1 to 8 years). Finance lease receivables are comprised of the followings:

	At 31 January 2022 HK\$'000 (Unaudited)	At 31 July 2021 HK\$'000 (Audited)
Amounts receivable under finance leases:		
Year 1	76,060	58,972
Year 2	48,026	34,918
Year 3	18,197	15,662
Year 4	8,761	7,923
Year 5 and afterwards	4,061	6,406
	<hr/>	<hr/>
Undiscounted lease payments	155,105	123,881
Less: unearned finance income	(14,321)	(13,292)
	<hr/>	<hr/>
Present value of lease payments receivable	140,784	110,589
Less: impairment loss allowance	(126)	(83)
	<hr/>	<hr/>
Net investment in the leases	<u>140,658</u>	<u>110,506</u>
Net investment in the lease analysed as		
Recoverable within 12 months	76,060	58,972
Recoverable after 12 months	79,045	64,909
	<hr/>	<hr/>
	<u>155,105</u>	<u>123,881</u>
Net investment in the lease analysed as:		
Year 1	76,060	58,972
Less: unearned finance income within 1 year	(8,601)	(7,044)
	<hr/>	<hr/>
Recoverable within 12 months	67,459	51,928
Less: allowance for credit losses	(60)	(50)
	<hr/>	<hr/>
	<u>67,399</u>	<u>51,878</u>
Recoverable after 12 months	73,325	58,661
Less: allowance for credit losses	(66)	(33)
	<hr/>	<hr/>
	<u>73,259</u>	<u>58,628</u>
	<hr/>	<hr/>
	<u>140,658</u>	<u>110,506</u>

UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

12. FINANCE LEASE RECEIVABLES – *continued*

The Group's finance lease receivables are leased properties in relation to finance lease used in sub-leasing business.

The directors of the Company estimate the loss allowance on finance lease receivables at the end of the reporting period at an amount equal to lifetime expected credit loss ("ECL"). None of the finance lease receivables at the end of the reporting period is past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, the Directors of the Company consider that finance lease receivables of approximately HK\$126,000 (31 July 2021: HK\$83,000) is impaired.

13. TRADE RECEIVABLES AND CONTRACT ASSETS

	At 31 January 2022 HK\$'000 (Unaudited)	At 31 July 2021 HK\$'000 (Audited)
Trade receivables (Note (a))	17,748	15,732
Less: allowance for credit losses, net	(444)	(106)
	<u>17,304</u>	<u>15,626</u>
Contracts assets (Note (b))	4,058	8,694
Less: allowance for credit losses, net	(9)	(9)
	<u>4,049</u>	<u>8,685</u>
Total	<u>21,353</u>	<u>24,311</u>

UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

13. TRADE RECEIVABLES AND CONTRACT ASSETS – *continued*

Notes:

(a) Trade receivables

As at 31 July 2021 and 31 January 2022, normally 90 days of credit period is granted to certain customers under Hong Kong business and no credit period is granted to the customers under the PRC business.

The ageing analysis of the trade receivables of the Group, net of loss allowance, based on the invoice dates as at 31 January 2022 is as follows:

	At 31 January 2022 HK\$'000 (Unaudited)	At 31 July 2021 HK\$'000 (Audited)
1–30 days	10,517	13,604
31–60 days	2,660	200
61–90 days	920	–
91–365 days	<u>3,207</u>	<u>1,822</u>
	<u><u>17,304</u></u>	<u><u>15,626</u></u>

Trade receivables that were past due but not impaired related to customers that had a good track record of credit with the Group with no history of default in the past.

As at 31 January 2022 and 31 July 2021, the Group did not hold any collateral in respect of trade receivables past due but not impaired.

(b) Contract assets

	At 31 January 2022 HK\$'000 (Unaudited)	At 31 July 2021 HK\$'000 (Audited)
Interior design and decoration work services	<u>4,049</u>	<u>8,685</u>

The contract assets primarily relate to the Group's rights to consideration for work completed to-date and not billed because the rights are conditional on the Group's future performance in achieving agreed milestones at the reporting date on the contracting and interior design and decoration work services. The contract assets are transferred to trade receivables when the rights become unconditional, at which time the amounts become billable to the customer. The Group typically transfer contract assets to trade receivables upon achieving the agreed milestones in the contracts. The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

13. TRADE RECEIVABLES AND CONTRACT ASSETS – *continued*

Notes: – *continued*

(b) Contract assets – *continued*

Contract assets mainly represent payments made by the Group in respect of certified interior design and decoration work services for interior design and decoration work services not yet delivered to customer at the reporting date. Certain percentage of the progress settlement are withheld by the customer, which is subject to a maximum amount calculated as the prescribed percentage of the contract sum. Retention money is included in contract assets until the end of the retention period as the Group's entitlement to final payment after passing inspection at the completion of the interior design and decoration work projects. Contract assets are classified as current because the Group expects the completion of such interior design and decoration services to be within 1 year from the reporting date.

14. PREPAYMENTS, DEPOSITS PAID AND OTHER RECEIVABLES

	At 31 January 2022 HK\$'000 (Unaudited)	At 31 July 2021 HK\$'000 (Audited)
Current		
Prepayments (note (a))	6,425	4,526
Deposits paid	12,825	13,830
Other receivables (note (b))	58,224	6,601
	<u>77,474</u>	<u>24,957</u>
Non-current		
Deposits paid	15,092	12,422
Total	<u>92,566</u>	<u>37,379</u>

Notes:

- (a) At 31 January 2022, balance includes an amount of approximately HK\$1,602,000 (31 July 2021: approximately HK\$1,998,000) which relates to prepaid rentals to certain landlords for leasing of commercial properties in relation to the operating of property sub-leasing business in the PRC.

At 31 January 2022, balance also includes an amount of approximately HK\$3,688,000 (31 July 2021: approximately HK\$583,000) which relates to prepaid costs to certain sub-contractors in relation to the contracts for contracting and interior design and decoration works entered into by the Group, which would be utilised as sub-contracting costs incurred within the next financial year.

- (b) At 31 January 2022, balance includes an amount of approximately HK\$57,248,000 (31 July 2021: approximately HK\$ Nil) which relates to prepayment to supplier for purchase of bulk commodities goods.

UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

15. RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	At 31 January 2022 HK\$'000 (Unaudited)	At 31 July 2021 HK\$'000 (Audited)
Cash at banks	34,450	49,188
Bank deposit	—	63,633
Cash on hand	57	9
	<hr/>	<hr/>
Cash and cash equivalents	<u>34,507</u>	<u>112,830</u>

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	At 31 January 2022 HK\$'000 (Unaudited)	At 31 July 2021 HK\$'000 (Audited)
HK\$	28,133	37,813
RMB	6,374	75,017
	<hr/>	<hr/>
	<u>34,507</u>	<u>112,830</u>

As at 31 January 2022, included in cash and cash equivalents of the Group is approximately HK\$6,374,000 (31 July 2021: HK\$75,017,000) of cash at banks and bank deposits denominated in RMB placed with the banks in the PRC. RMB is not a freely convertible currency; however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through the banks authorised to conduct foreign exchange business in the PRC.

Cash at banks and bank deposit earn interest at floating rates based on daily bank deposit rates.

UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

16. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

	At 31 January 2022 HK\$'000 (Unaudited)	At 31 July 2021 HK\$'000 (Audited)
Current		
Trade payables (Note (a))	8,634	18,386
Receipts in advance	300	2,122
Deposits received	14,136	14,022
Accruals and other payables	2,247	4,268
	<u>25,317</u>	<u>38,798</u>
Non-current		
Deposits received	11,685	10,924
	<u>37,002</u>	<u>49,722</u>

Notes:

- (a) No credit period is granted by suppliers (31 July 2021: Nil).

The ageing analysis of trade payables based on the invoice date is as follows:

	At 31 January 2022 HK\$'000 (Unaudited)	At 31 July 2021 HK\$'000 (Audited)
0-30 days	2,773	4,396
31-60 days	882	157
61-90 days	573	1,710
Over 90 days	4,406	12,123
	<u>8,634</u>	<u>18,386</u>

The deposits which mainly represent the rental deposits received under the business segment of property sub-leasing from the ultimate lessee. The deposits are refundable at the end of the lease terms.

UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

17. LEASE LIABILITIES

The following table shows the remaining contractual matures of the Group's lease liabilities at 31 January 2022 and 31 July 2021:

	At 31 January 2022 HK\$'000 (Unaudited)	At 31 July 2021 HK\$'000 (Audited)
Within one year	85,526	79,134
After one year but within two years	55,968	49,611
After two years but within five years	42,664	42,971
After five years	4,058	—
	<hr/>	<hr/>
	188,216	171,716
Less: total future interest expenses	(20,988)	(20,142)
	<hr/>	<hr/>
Present value of lease liabilities	167,228	151,574
Less: Portion classified as current	(74,540)	(68,630)
	<hr/>	<hr/>
Non-current portion	92,688	82,944
	<hr/> <hr/>	<hr/> <hr/>

18. LOAN FROM A SHAREHOLDER

On 11 October 2019, Mr. Lin Ye (“Mr. Lin”), who is a director and single largest shareholder which held approximate 28.22% shareholding of the Company, signed a letter of profit guarantee (the “Profit Guarantee”) in favour of the Company pursuant to which Mr. Lin irrevocable warranted and guaranteed that (i) the audited consolidated earnings before interest, taxes, depreciation and amortisation (the “EBITDA”) of the Group for the financial year ended 31 July 2020 would be not less than HK\$13,800,000; and (ii) the audited consolidated EBITDA of the Group for the financial year ending 31 July 2021 would be not less than HK\$13,800,000.

To provide extra assurance for the Profit Guarantee, on 11 October 2019, the Company as borrower and Mr. Lin as the lender entered into a loan agreement (the “Loan Agreement”) pursuant to which Mr. Lin agreed to grant a loan to the Company in the principal amount of HK\$30,000,000 (the “Loan”). If Mr. Lin was obliged under the Profit Guarantee to compensate the Company for any shortfall, the Company was entitled to set off part of the principal amount of the Loan against the compensation (if any).

The Loan was (i) interest free and unsecured; (ii) repayable within five business days after the publication by the Company of the annual results announcement for the financial year ending 31 July 2021; (iii) for the purpose of financing the Company's potential acquisition of an office premise in Hong Kong and its related expenses; and (iv) to provide extra assurance for the Profit Guarantee.



UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

18. LOAN FROM A SHAREHOLDER – *continued*

Given the changes in economic environment, in particular the social unrest in Hong Kong recently, the Group was able to identify an office premise with relatively low leasing fee, and after cost analysis, the Directors of the Company considered renting an office premise was better off than acquiring an office premises, and during the year ended 31 July 2020, the Group has moved to a newly leased office in Wanchai. It was the Group's intention that the Loan would be applied for the development of the Group's subleasing business, in particular to pay for the initial cost for entering into future head lease, as well as the payment for monthly leasing fee in the event the newly leased property could not be sub-leased within the relevant rent free period.

After assessment of the internal resources of the Group, the Directors of the Company consider that it would be sufficient for the Group to apply half amount of the Loan for the development of the Group's subleasing business. As such, on 3 April 2020, the Company repaid HK\$15,000,000 to Mr. Lin. Mr. Lin consented to and the Company applied the remaining amount of the Loan for the development of the Group's subleasing business. To secure and provide extra assurance for the Profit Guarantee, Mr. Lin placed a cheque in the amount of HK\$15,000,000 with the Company's solicitors in escrow such that if Mr. Lin is obliged under the Profit Guarantee to compensate the Company for any shortfall, the Company is entitled to set off the principal amount of the Loan against the compensation and/or apply the cheque for compensation. On 27 January 2022, the Company repaid HK\$15,000,000 to Mr. Lin. Movement has shown as below:

	HK\$'000
At 31 July 2021 and 1 August 2021 (audited)	14,600
Unwinding of imputed interest	<u>400</u>
	15,000
Repayment to a shareholder	<u>(15,000)</u>
At 31 January 2022 (unaudited)	<u><u>—</u></u>

UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

18. LOAN FROM A SHAREHOLDER – *continued*

The discount of the loan from a major shareholder in his capacity as a shareholder at inception is recognised as deemed capital contribution in other reserves in the equity of the Group. The corresponding unwinding of imputed interest was recognised as finance costs (note 6) in the condensed consolidated statement of profit or loss of the Group. The effective interest rate at 12.39% per annum for imputed interest expense for the Loan was determined based on the unsecured cost-of-funds of the Group per annum. Due to the early repayment of HK\$15,000,000 to Mr. Lin on 3 April 2020, contractual terms of shareholder's loan was modified such that the revised terms would result in a substantial modification from the original terms, such modification was accounted for as derecognition of the Loan and the recognition of new shareholder's loan. The new effective interest rate at 10.96% on 3 April 2020 for imputed interest expense for the new shareholder's loan is determined based on the unsecured cost-of-funds of the Group per annum.

19. SHARE CAPITAL

	Number of ordinary shares '000	Ordinary shares HK\$'000
<i>Ordinary shares of HK\$0.01 each:</i>		
Authorised:		
At 31 July 2021, 1 August 2021 (audited) and 31 January 2022 (unaudited)	<u>2,000,000</u>	<u>20,000</u>
	Number of ordinary shares '000	Ordinary shares HK\$'000
Issued and fully paid:		
At 31 July 2021, 1 August 2021 (audited) and 31 January 2022 (unaudited)	<u>411,200</u>	<u>4,112</u>

UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

20. OTHER RESERVES

	Exchange Merger reserve HK\$'000 (Note (i))	fluctuation reserve HK\$'000	Statutory reserve HK\$'000	Other reserve HK\$'000 (Note 19)	Retained earnings HK\$'000	Total HK\$'000
As at 31 July 2020 (audited)	(494)	(643)	3,330	6,565	61,369	70,127
Profit for the period	—	—	—	—	5,157	5,157
Other comprehensive loss for the period						
Exchange differences on translation of financial statements of foreign operations	—	6,626	—	—	—	6,626
Total comprehensive income for the period	—	6,626	—	—	5,157	11,783
Transfer to statutory reserves	—	—	1,341	—	(1,341)	—
As at 31 January 2021 (unaudited)	(494)	5,983	4,671	6,565	65,185	81,910

	Exchange Merger reserve HK\$'000 (Note (i))	fluctuation reserve HK\$'000	Statutory reserve HK\$'000	Other reserve HK\$'000 (Note 19)	Retained earnings HK\$'000	Total HK\$'000
As at 1 August 2021 (audited)	(494)	5,964	6,037	6,565	75,712	93,784
Profit for the period	—	—	—	—	7,269	7,269
Other comprehensive loss for the period						
Exchange differences on translation of financial statements of foreign operations	—	2,339	—	—	—	2,339
Total comprehensive (loss)/income for the period	—	2,339	—	—	7,269	9,608
As at 31 January 2022 (unaudited)	(494)	8,303	6,037	6,565	82,981	103,392

Note:

- (i) Merger reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the group reorganisation.

UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

21. RELATED PARTY TRANSACTIONS

- (a) The Group did not have any significant related party transaction with related parties during the six months ended 31 January 2022.
- (b) The emoluments of the Directors and senior executives (representing the key management personnel) during the period as follows:

	Six months ended January	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Directors' emoluments		
Short-term benefits:		
Fees, salaries, allowances and other benefits in kind	1,333	1,550
Post-employment benefits:		
Retirement benefit scheme contributions	27	36
	<u>1,360</u>	<u>1,586</u>

- (c) Details of Profit Guarantee and interest-free loan advanced from a shareholder of Mr. Lin is disclosed in note 18.

UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2022

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Directors of the Company have assessed that the fair values of financial assets and financial liabilities, including restricted cash, cash and cash equivalents, trade receivables, contract assets and finance lease receivables, deposits paid and other receivables, trade and other payables, and deposits received approximate to their carrying amounts largely due to the short term maturities of these financial instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

23. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited condensed consolidated financial statements were approved and authorised for issue by the Directors of the Company on 14 March 2022.

BUSINESS REVIEW AND OUTLOOK

The Company is an investment holding company and its subsidiaries are principally engaged in the civil engineering consulting and contracting services in Hong Kong, property sub-leasing and management business in the PRC, interior design and decoration works in both Hong Kong and the PRC and commodity trading business in the PRC.

1. Property sub-leasing and management services business segment

The property sub-leasing and management services business segment is operated by Shenzhen Zhongshengtuotou Assets Management Co., Ltd* (深圳中深國投資產管理有限公司) (“ZSGT”), a wholly-owned subsidiary of the Company in the PRC. One of the principal business of ZSGT is sub-leasing office premises to different clientele in three categories below:

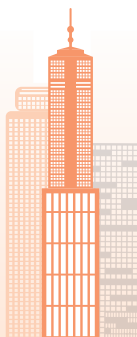
(a) *Sub-leasing of premises*

In view of the growing number of start-up and small-to-medium business to move in the grade-A office premises to enhance its corporation image and gain creditability, there is high demand for small-sized offices in the PRC. The Group considered there are ample business opportunities in such regard.

The Group’s sub-leasing of premises generally focuses on office premises and involves provision of small scale (ranging from 100 sq.m. to 500 sq.m.) subdivided or partitioned office premises at grade-A commercial buildings with stylish decoration at affordable price embedding co-use/sharing concept.

The Group will provide instant support and services to the sub-tenants, including but not limited to (i) services generally provided by property management agency, such as security service and reception service, which may be sometimes outsourced by the Group to other service providers; (ii) repair and maintenance services and tailor design, renovation and refurbishment services, leveraging the Group’s resource of its interior design and decoration works business; (iii) consultation and execution on the regulatory requirement of fire control; (iv) human resources planning and manpower recruitment; (v) provision of platform on the Group’s mobile application for promotional activities; and (vi) general consultation and assistance on corporate registration tax and employment benefits matters.

The sub-leasing of office premise in the PRC maintains a steady growth in the recent years, and such growing trend is expected to continue.



MANAGEMENT DISCUSSION AND ANALYSIS

As at the 31 January 2022, the Group leased 10 large scale properties in the PRC, of which 9 of them are situated at Futian (福田), Nanshan (南山), Baoan (寶安) and Luohu (羅湖) districts of Shenzhen; 1 property is located in Beijing, with total floor area of approximately 28,732 square meters (“sq.m.”) (31 January 2021: approximately 32,782 sq.m.) for its operation of sub-leasing to sub-tenants. The occupancy rate of the Group’s sub-leased properties reached over 94% (31 January 2021: 90%).

(b) Sub-leasing management

Sub-leasing management refers to the service of the Group that it (i) searches for premises based on customer’s specifications; (ii) enters into head lease with landlord by the Group; and (iii) subleases that premises to the customers.

The customers will only need to communicate their needs to the Group in contrast to negotiating with different landlord all over the PRC one by one, and thus the Group’s sub-leasing management service will be able to minimize the customers’ effort, resource and cost spent on leasing which can instead be spent on their core revenue generating operation.

Given that the sub-leasing management service is demand-driven, the Group will generally enter into rental agreement with landlords back to back with the sub-leasing agreement with the customers, and as such, the Group generally does not expose itself to any risk of being unable to lease the premises out, and there is no vacancy for premises leased under the sub-leasing management service.

Sub-leasing management is target for enterprises requiring national presence, most of them are asset management companies, insurance companies, finance companies and branches of companies operates across the PRC. The demand and market sizes are expected to continue to rise and expand to include more provinces.

As at 31 January 2022, the Group’s sub-leasing management service covers 2 cities, namely Shenzhen, Shanghai, and 18 other provinces of the PRC, namely Guangdong, Guangxi, Jiangxi, Hunan, Hubei, Hainan, Hebei, Fujian, Jilin, Shandong, Sichuan, Ningxia, Inner Mongolia, Anhui, Shaanxi, Jiangsu, Gansu and Zhejiang with total floor areas of approximately 80,534 sq.m. (31 January 2021: approximately 63,344 sq.m.).

(c) Co-work space

The Group operates one co-work space centre (i.e. an advanced form of business centre) at a grade-A commercial building located at Nanshan district of Shenzhen, which is Shenzhen’s focal development area for hi-tech and innovative businesses.

Target customers and most of the current customers of the co-work space centre are entrepreneurs and start-up businesses.

The co-work space centre offers:

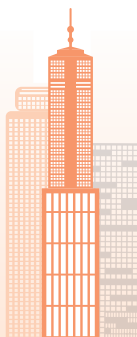
- (i) rental of office space or dedicated desks;
- (ii) rental of private office room/booth;
- (iii) conference rooms; and
- (iv) auxiliary services (e.g. provision of registered office for business licence registration purpose, front-desk and guest reception, business-class printing, mail and packing handling as well as other secretarial services);

to customers and sub-tenants of ZSGT's other leased properties in which charges are calculated based on the membership plan subscribed, which is very flexible ranging from hourly usage plan to monthly usage plan, purchased by customers and/or actual usage.

The Board believes that the property sub-leasing and management services business segment has a strong growth potential in view of:

- (i) the “Comprehensive Deepening of the Reform and Opening-up Plan for Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone” issued by the PRC government. Such plan will further develop Shenzhen-Hong Kong cooperation zone in Qianhai and the total area of the cooperation zone will be expanded from 14.92 sq.km. to 120.56 sq.km. It reflects the long-term strategic vision of making Qianhai's business environment world-class by 2035 which has in turn led to increase in the number of start-up and small-to-medium business and the demand for grade-A commercial offices in the PRC; and
- (ii) the concept of “co-use/sharing offices” has become more popular and widely accepted in the PRC in recent years as it offers a more flexible and affordable way for entrepreneurs to start-up and grow their businesses.

ZSGT leveraged on the existing resources to expand the scale of operation of the property sub-leasing and management services segment. In this segment, ZSGT generated revenue for property sub-leasing and management services of approximately HK\$54.7 million which represented an increase of approximately 19.1% as compared to same period last year (31 January 2021: approximately HK\$46.2 million). During the period, the Group has successfully concluded many new lease contracts and whereas renewed existing old lease contracts while it expired. As majority of the sub-tenants' leases with the Group are for a term of 2–3 years and the total floor area leased by the Group for sub-leasing is increasing, the Group considers that the sub-leasing business will continue to provide stable source of revenue to the Group in the future.



2. Interior design and decoration works business segment

The scope of the interior design and decoration works business of the Company covers interior design and decoration services for private offices and residential properties, and other wide-ranging projects. The Group is responsible for the overall design, purchasing and project management. The in-house design department of the Group is mainly responsible for private offices projects. The project managers of the Group (“Project Managers”) are responsible for identifying suitable vendors and suppliers across different fields for providing resources and services such as fire safety equipment, air-conditioning and mechanical ventilation system, interior fitting out and electrical works, etc. The Group has outsourced the relevant tasks to the appropriate vendors and suppliers under the supervision of Project Managers in order to reach customers’ expectation.

The Group’s interior design and decoration works business, is operated by wholly-owned subsidiaries of the Company, KSL Engineering Limited (“KSL”) and ZSGT in Hong Kong and the PRC respectively. They generated revenue of approximately HK\$5.4 million for the Relevant Period, which represented a decrease of approximately 85.9% as compared to same period last year (31 January 2021: approximately HK\$38.0 million). The market of interior design and decoration business in Hong Kong remains challenging and keen competition amongst the market players persisted. Active contractors bid for tenders at competitive prices. Besides, higher construction costs incurred due to stringent contract requirements and the increase of material and labour costs and result in trimming down profit margins. In both Hong Kong and the PRC, the progress on existing projects were slowed down by the pandemic and certain projects in the PRC were required to be suspended temporarily as requested by contracting customers. It affected the operation and reduced overall revenues of the business segment. The Group expects that such operation will resume soon in near future.

3. Contracting business segment

The contracting business segment of the Group is operated by KSL, the revenue for the Relevant Period is approximately HK\$0.7 million, which represented a decrease of approximately 82.8% as compared to the same period last year (31 January 2021: approximately HK\$4.1 million). In order to secure new contracts for the contracting business segment notwithstanding the sluggish condition in Hong Kong construction industry, the Group has adopted a more aggressive approach in seeking new contracts which including but not limited to relaxing payment terms of its contracts so as to increase its competitiveness.

4. Commodity trading business segment

The commodity trading business is operated by Guangzhou Desheng Technology Limited* (廣州市得昇科技有限公司), a wholly-owned subsidiary of the Company established in the PRC. The revenue for the Relevant Period is approximately HK\$5.4 million (31 January 2021: Nil). The Group has employed a management team with relevant commodities trading experience for the operation and development of the commodity trading business. In order to operate the commodity trading business with safer funds and better risk control, large-scale enterprises and even state-owned enterprises are preferred as the first-choice upstream supplier whereas the downstream customers will be enterprises with good reputation in the industry. Due to the increase of the prices of non-ferrous metals, it is expected that commodity trading business will continue to bring economic benefits to the Group.

OUTLOOK

The Board believes that these four business segments, namely, (i) the provision of civil engineering consulting and contracting services businesses; (ii) property sub-leasing and management services business; (iii) Interior design and decoration works business; and (iv) commodity trading business, are supporting the continuing development of the Group's businesses, improving its financial performance and contributing to the growth of the Group.

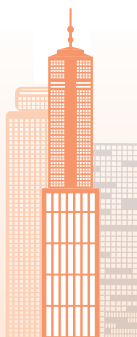
The financial results of the Group for the six months ended 31 January 2022 proves that the Group is on the right track as its gross profit have steadily increased. Since the Group has developed multiple business lines which are complementary to each other, it no longer solely relies on a single business. The fast-growing property sub-leasing and management services business as well as the commodity trading business do not only provide stable sources of revenue to the Group and improve the Group's profitability, but also diversify the overall business risk of the Group. Expansion of the Group's business to the PRC also allows the Group to maintain its growth momentum and reduce its reliance on a single market especially in view of the current adverse market conditions in Hong Kong.

Looking forward, the Directors will continue to develop the Group's existing businesses in Hong Kong while at the same time continue its expansion in the PRC. The Group and the management team are determined to intensify their effort so that the Group can continue to thrive.

FINANCIAL REVIEW

Revenue

Our revenue decreased from approximately HK\$88.3 million for the six months ended 31 January 2021 to approximately HK\$66.2 million for the Relevant Period, representing an decrease of approximately 25.0%. Such decrease was mainly due to the decrease in revenue derived from the interior design services and decoration business.



MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Services

Our cost of services decreased from approximately HK\$63.7 million for the six months ended 31 January 2021 to approximately HK\$37.5 million for the Relevant Period, representing an decrease of approximately 41.2%. Such increase was in line with the decrease in revenue of the Group. The major cost items of the Group include sub-contracting charge, depreciation of investment properties and expenses relating to short term leases and etc.

Gross Profit

Our gross profit increased from approximately HK\$24.5 million for the six months ended 31 January 2021 to approximately HK\$28.7 million for the Relevant Period, representing an increase of approximately 16.8%, as a result of the substantial increase in revenue of commission income from commodity trading as discussed above.

Other Income and Gains

Our other income and gains decreased by approximately HK\$1.8 million from approximately HK\$2.8 million for the six months ended 31 January 2021 to approximately HK\$1.0 million for the Relevant Period. Such decrease was mainly due to decrease in government grants and gain on disposal of a subsidiary of HK\$0.4 million and HK\$1.3 million respectively for the Relevant Period.

Administrative and Other Operating Expenses

Our administrative and other operating expenses amounted to approximately HK\$9.8 million and HK\$10.6 million for the six months ended 31 January 2021 and 2022 respectively, representing a no material fluctuation.

Profit for the Relevant Period

As a result of the aforesaid, the business of the Group record a profit of approximately HK\$7.3 million for the six months ended 31 January 2022, representing an increase of approximately 41.1% as compared to a profit of approximately HK\$5.2 million for the same period last year.

Dividend

The Board does not recommend the payment of dividend for the Relevant Period (six months ended 31 January 2021: Nil).

Liquidity and Financial Resources

The Group maintained a healthy financial position during the Relevant Period. As at 31 January 2022, the Group had a cash and cash equivalents of approximately HK\$34.5 million (31 July 2021: approximately HK\$103.6 million). The current ratio as at 31 January 2022 was approximately 2.0 (31 July 2021: approximately 1.6).

Gearing Ratio

The gearing ratio of the Group as at 31 January 2022 was Nil (31 July 2021: 13.4%).

The gearing ratio is calculated as total borrowings divided by total equity as at the respective periods.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Relevant Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Pledge of Assets

As at 31 January 2022, the Group did not have any charges on its assets (31 July 2021: Nil).

Foreign Exchange Exposure

Most of the Group's bank balances and income are denominated in either Renminbi or Hong Kong dollars. The Group has not experienced any material difficulties or negative impacts on its operations as a result of fluctuations in currency exchange rates. The Directors considered that no hedging of exchange risk is required and accordingly, there were no financial instruments being used for hedging purposes during the six months ended 31 January 2022. Nevertheless, the management will continue to monitor the Group's foreign exchange exposure and will take prudent measures as and when appropriate.

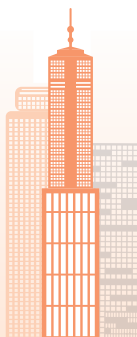
Capital Structure

The shares of the Company have been listed on the Stock Exchange since 5 December 2014. There has been no change in capital structure of the Company since 5 December 2014. The capital of the Company comprises ordinary shares and capital reserves.

As at 31 January 2022, the share capital and equity attributable to owners of the Company amounted to approximately HK\$4.1 million and HK\$127.9 million respectively (31 July 2021: approximately HK\$4.1 million and HK\$118.2 million respectively).

Capital Commitments

The registered capital of Shenzhen Fuqingyuan Technology Limited ("Fuqingyuan") is RMB5.0 million. The Group committed as at 31 January 2022 to invest in Fuqingyuan, a wholly-owned subsidiary, amounting to RMB5.0 million (equivalent to approximately HK\$6.1 million) (31 July 2021: RMB5.0 million (equivalent to approximately HK\$6.0 million)).



MANAGEMENT DISCUSSION AND ANALYSIS

Human Resources Management

As at 31 January 2022, the Group had 54 (31 January 2021: 53) employees, including the Directors. Total staff costs (including Directors' emoluments) were approximately HK\$5.4 million for the Relevant Period as compared to approximately HK\$5.2 million for the six months ended 31 January 2021. The Group promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff, competitive remuneration package is offered to employees with reference to market norms and individual employees' performance, qualification and experience. On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual's performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of training courses.

The emoluments of the Directors were reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance, and were approved by the Board.

Significant Investments Held

Except for investment in its subsidiaries during the Relevant Period, the Group did not hold any significant investment in equity interest in any other company.

Material Acquisition and Disposals

For the Relevant Period, save as the investment properties and right-of-use assets recognised in accordance with HKFRS 16 and the disposal of a non-wholly owned subsidiary, the Group did not conduct any material acquisition or disposals.

Contingent Liabilities

As at 31 January 2022, the Group did not have any material contingent liability (31 July 2021: Nil).

Future Plans for Material Investments or Capital Assets

For the Relevant Period, save as investment properties that may be recognised in accordance with HKFRS 16 for new leases under the Group's property sub-leasing and management business, the Group did not have other plans for material investments and capital assets.

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 January 2022, the interests and short positions of the Directors and chief executive of the Company in the shares (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong (the "SFO")) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules"), were as follows:

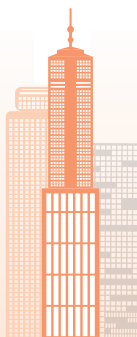
Long positions in the Shares

Name of Director	Capacity	Number of ordinary shares interested (Long position)	Approximate percentage of shareholding
Mr. Lin Ye (Note 1)	Beneficial owner	29,513,000	7.18%
	Interest in a controlled corporation	86,534,000	21.04%

Note:

- 86,534,000 Shares are held by Sonic Solutions Limited as a beneficial owner. The entire issued share capital of Sonic Solutions Limited is wholly-owned by Mr. Lin. As such, Mr. Lin is deemed to be interested in 86,534,000 Shares held by Sonic Solutions Limited for the purposes of the SFO.

Save as disclosed above and so far as is known to the Directors, as at 31 January 2022, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.



MANAGEMENT DISCUSSION AND ANALYSIS

B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 January 2022, so far as was known to the Directors, the interests and short positions of the following persons (other than the Directors or chief executive of the Company) or entities which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were requested to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Names of Shareholders	Nature of interest	Number of Shares (Note 1)	Approximate percentage of shareholding
Sonic Solutions Limited (Note 2)	Beneficial owner	86,534,000	21.04%
Jing Shiqi (Note 3)	Interest in a controlled corporation	60,000,000	14.59%
Wealth Triumph Corporation (Note 3)	Beneficial owner	60,000,000	14.59%
Liu Guo Ping	Beneficial owner	54,833,000	13.33%
Li Song	Beneficial owner	34,738,000	8.45%
Xia Yuqing	Beneficial owner	32,135,000	7.81%
Pan Guorong	Beneficial owner	30,000,000	7.30%

Notes:

- Interests in Shares stated above represent long positions.
- The entire issued share capital of Sonic Solutions Limited is wholly-owned by Mr. Lin Ye, an executive director of the Company.
- Mr. Jing Shiqi beneficially owns the entire issued share capital of Wealth Triumph Corporation which in turns hold 60,000,000 Shares. As such, Mr. Jing Shiqi is deemed, or taken to be, interested in all the Shares held by Wealth Triumph Corporation for the purposes of the SFO. Mr. Jing Shiqi is the sole director of Wealth Triumph Corporation.

Save as disclosed above, as at 31 January 2022, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Disclosure of Interests" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

COMPETITION AND CONFLICT OF INTEREST

Having made specific enquiry of all Directors and substantial shareholders, during the Relevant Period, none of the Directors and substantial shareholders of the Company, neither themselves nor their respective close associates (as defined in the GEM Listing Rules) had held any position or had interest in any businesses or companies that were or might be materially competing with the business of the Group, or gave rise to any concern regarding conflict of interests.

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

During the Relevant Period and up to the date of this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

During the Relevant Period and up to the date of this report, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules, except for the deviation from code provision C.2.1 of the Code as described below.

Pursuant to code provision C.2.1 of the Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. During the Relevant Period, there have been no chief executive in the Company. Mr. Lin Ye acted as the Chairman of the Board, and is responsible for the overall management and formulation of business strategy of the Group.

The Board does not have the intention to fill the position of the chief executive of the Company at present and believe the absence of the chief executive will not have adverse effect to the Company, as decisions of the Company will be made collectively by the executive Directors. The Board will keep reviewing the current structure of the Board and the need of appointment of a suitable candidate to perform the role of chief executive. Appointment will be made to fill the chief executive post to comply with code provision C.2.1 of the Code if necessary.

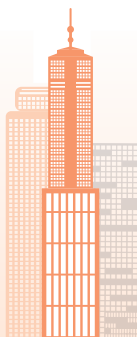
CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of provisions of conduct regarding securities transactions by the Directors (the "Code of Conduct") on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the Relevant Period and up to the date of this report.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 19 November 2014 (the "Scheme"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 January 2022.



MANAGEMENT DISCUSSION AND ANALYSIS

AUDIT COMMITTEE

The Board established an audit committee (the “**Audit Committee**”) on 19 November 2014 with its written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the CG Code. The primary duties of the Audit Committee are to review and supervise the Group’s financial reporting process, risk management, and internal control system of the Group, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance. The Audit Committee consists of three members, namely Ms. Kwong Ka Ki (Chairperson), Mr. Yu Hua Chang and Ms. Guo Liying, all being independent non-executive Directors, Ms. Kwong Ka Ki currently serves as the chairperson of the Audit Committee.

The Audit Committee has reviewed this report and the unaudited consolidated financial statements of the Group for the Relevant Period.

By order of the Board
China All Nation International Holdings Group Limited
Lin Ye
Chairman

Hong Kong, 14 March 2022

As at the date of this report, the executive Directors are Mr. Lin Ye, Mr. Au Siu Chung and Ms. Xiao Yi Liao Ge; and the independent non-executive Directors are Ms. Kwong Ka Ki, Mr. Yu Hua Chang and Ms. Guo Liying.