

# CHINA ALL NATION INTERNATIONAL HOLDINGS GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8170

## 2022/23

### FIRST QUARTERLY REPORT





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

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This report, for which the directors (the “**Directors**”) of China All Nation International Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM 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.

## FINANCIAL HIGHLIGHTS

### FINANCIAL HIGHLIGHTS FOR THE THREE MONTHS ENDED 31 OCTOBER 2022

- The Group's revenue amounted to approximately HK\$10.0 million for the three months ended 31 October 2022 (the "Relevant Period"), representing a decrease of approximately HK\$27.0 million or approximately 73.1% as compared to the three months ended 31 October 2021.
- The loss attributable to owners of the Company is approximately HK\$4.5 million for the Relevant Period, as compared to a profit of approximately HK\$5.9 million for the three months ended 31 October 2021. The increase in loss was mainly due to the drop in overall revenues caused by COVID-19 during the Relevant Period.
- The Board does not recommend the payment of dividend for the Relevant Period.

The board of Directors (the “Board”) of China All Nation International Holdings Group Limited is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 October 2022 (the “Relevant Period”), together with the unaudited comparative figures for the corresponding period in 2021, as follows:

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

For the three months ended 31 October 2022

	Notes	Three months ended 31 October	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	9,950	36,963
Cost of services		(8,750)	(19,908)
<b>Gross profit</b>		<b>1,200</b>	<b>17,055</b>
Other income and gains	4	96	575
Administrative and other operating expenses		(5,280)	(4,499)
Finance costs	5	(1,243)	(3,820)
<b>(Loss)/profit before income tax</b>	6	<b>(5,227)</b>	<b>9,311</b>
Income tax credit/(expense)	7	768	(3,449)
<b>(Loss)/profit for the period</b>		<b>(4,459)</b>	<b>5,862</b>
<b>Other comprehensive (expenses)/income for the period</b> <i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		(4,197)	2,591
<b>Total comprehensive (expenses)/income for the period, net of income tax</b>		<b>(8,656)</b>	<b>8,453</b>
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company		(4,459)	5,862
Non-controlling interests		—	—
		<b>(4,459)</b>	<b>5,862</b>
<b>Total comprehensive (expenses)/income for the period attributable to:</b>			
Owners of the Company		(8,656)	8,453
Non-controlling interests		—	—
		<b>(8,656)</b>	<b>8,453</b>
<b>(Loss)/earnings per share attributable to the owners of the Company</b>			
— Basic and diluted (loss)/earnings per share (HK cents)	9	(1.08)	1.42

Details of dividends are disclosed in Note 8 to the unaudited condensed consolidated financial statements of the Company for the Relevant Period.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 October 2022

	Attributable to owners of the Company				Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Sub-total HK\$'000		
<b>Balance as at</b>						
1 August 2021 (audited)	4,112	24,394	93,784	122,290	—	122,290
Profit for the period	—	—	5,862	5,862	—	5,862
Other comprehensive income for the period						
Exchange differences on translation of financial statements of foreign operations	—	—	2,591	2,591	—	2,591
Total comprehensive income for the period	—	—	8,453	8,453	—	8,453
<b>As at 31 October 2021 (unaudited)</b>	<b>4,112</b>	<b>24,394</b>	<b>102,237</b>	<b>130,743</b>	<b>—</b>	<b>130,743</b>
<b>Balance as at</b>						
1 August 2022 (audited)	4,112	24,394	94,695	123,201	—	123,201
Loss for the period	—	—	(4,459)	(4,459)	—	(4,459)
Other comprehensive expenses for the period						
Exchange differences on translation of financial statements of foreign operations	—	—	(4,197)	(4,197)	—	(4,197)
Total comprehensive expenses for the period	—	—	(8,656)	(8,656)	—	(8,656)
<b>As at 31 October 2022 (unaudited)</b>	<b>4,112</b>	<b>24,394</b>	<b>86,039</b>	<b>114,545</b>	<b>—</b>	<b>114,545</b>

## 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 GEM (“**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 contracting, project management and civil engineering consulting business in Hong Kong, property sub-leasing and management services business in the People’s Republic of China (the “**PRC**”), interior design and decoration works in both Hong Kong and the PRC and commodity trading business in the PRC.

## 2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements for the Relevant Period have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated financial statements for the Relevant Period are consistent with those adopted in the consolidated financial statements of the Company for the year ended 31 July 2022, except for the adoption of new and amendments to HKFRSs that affect the Group and has adopted the first time for the current period’s unaudited condensed consolidated first quarterly results.

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Group. The adoption of these new and revised HKFRSs has no material effect on the unaudited condensed consolidated financial statements.

The Group has not adopted early any new and revised HKFRSs that are relevant to the Group have been issued but are not yet effective for the current accounting period.

The unaudited condensed consolidated financial statements for the Relevant Period have not been audited by the Company’s independent auditor, but have been reviewed by the audit committee of the Board.

The unaudited condensed consolidated financial statements for the Relevant Period are presented in Hong Kong dollars (“**HK\$**”) and all value are rounded to the nearest thousand except when otherwise indicated, which is the functional currency of the Company.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 October 2022

## 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 and decoration works and commodity trading in the ordinary course of business. Revenue recognised during the three months ended 31 October 2022 and 2021 are as follows:

	Three months ended 31 October	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Revenue from property sub-leasing:</b>		
Gross rental income	8,430	15,211
Finance income on finance lease receivables	859	2,347
Net income from sub-leasing right-of-use assets	—	7,782
<b>Revenue from contracts with customers within scope of HKFRS 15, types of goods or services:</b>		
Contracting	—	700
Property management fee income and value-adding services	661	3,148
Interior design and decoration works	—	3,752
Commission income from commodity trading	—	4,023
	<u>9,950</u>	<u>36,963</u>

The management of the Company has determined the operating segments based on the reports reviewed by the Directors, 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.

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

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 October 2022

## 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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.

## 4. OTHER INCOME AND GAINS

	Three months ended 31 October	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Bank interest income	16	448
Government grants	11	—
Tax relief on value-added tax	51	122
Others	18	5
	<u>96</u>	<u>575</u>

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended 31 October	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest on lease liabilities	1,243	3,420
Loss on modification of shareholder's loan	—	104
Unwinding of imputed interest on loan from a shareholder	—	296
	<u>1,243</u>	<u>3,820</u>



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 October 2022

### 6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Three months ended 31 October	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Sub-contracting costs recognised as an expense	—	3,610
Depreciation of investment properties	6,249	11,095
Depreciation of property, plant and equipment	16	171
Depreciation of right-of-use assets	199	225
Loss on derecognition upon termination of leases of finance lease receivables and lease liabilities, net	1,236	649
Expenses relating to short-term leases	482	2,017
Employee benefits expense (including directors' emoluments)*:		
— Salaries and allowances	1,782	2,298
— Retirement benefit scheme contributions (defined contribution scheme)	143	199
	<u>143</u>	<u>199</u>

\* Employee benefit expense (including directors' emolument) of approximately HK\$Nil (three months ended 31 October 2021: approximately HK\$216,000) and approximately HK\$1,925,000 (three months ended 31 October 2021: approximately HK\$2,281,000) has been included in cost of services and administrative and other operating expenses respectively.

### 7. INCOME TAX (CREDIT)/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.

No Hong Kong Profits Tax has been provided for the Relevant Period in the unaudited condensed consolidated financial statements as the Group has tax losses brought forward from previous years (for the three months ended 31 October 2021: Nil).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 October 2022

## 7. INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

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

	Three months ended 31 October	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Current – PRC</b>		
Charge for the Relevant Period	409	2,410
<b>Deferred tax</b>	(1,177)	1,039
Income tax (credit)/expense	<u>(768)</u>	<u>3,449</u>

## 8. DIVIDENDS

The Board did not recommend the payment of dividend for the Relevant Period (for the three months ended 31 October 2021: Nil).

## 9. (LOSS)/EARNINGS PER SHARE

The calculations of basic (loss)/earnings per share for the three months ended 31 October 2022 and 2021 are based on the followings:

	Three months ended 31 October	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
(Loss)/profit for the Relevant Period attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	<u>(4,459)</u>	<u>5,862</u>
	<b>Number of shares '000</b>	<b>Number of shares '000</b>
Weighted average number of ordinary shares in issue for the purpose of basic and diluted (loss)/earnings per share	<u>411,200</u>	<u>411,200</u>

No diluted (loss)/earnings per share was presented as there was no potential ordinary shares in issue during the Relevant Period (for the three months ended 31 October 2021: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND OUTLOOK

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of contracting, project management and civil engineering consulting business in Hong Kong, property sub-leasing and management services 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 moving into the Grade A office premises to enhance their corporate 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.

\* For identification purpose only

As at the 31 October 2022, the Group leased 5 large scale properties in the PRC, of which 5 are situated at Nanshan (南山) and Baoan (寶安) districts of Shenzhen; 1 property is located in Beijing, with total floor area of approximately 19,872 square meters (“sq.m.”) (31 October 2021: approximately 32,915 sq.m.) for its operation of sub-leasing to sub-tenants. The occupancy rate of the Group’s sub-leased properties reached over 83% (31 October 2021: 89%). The Group leased 1 property that is situated in Baoan district of Shenzhen with total area of approximately 34,862 sq.m. for sub-leasing purposes, however, it is still under renovation and has not yet been leased out.

**(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 targets enterprises requiring national presence, most of which 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 October 2022, the Group’s sub-leasing management service covers 1 city, namely Shenzhen and 17 other provinces of the PRC, namely Guangdong, Guangxi, Jiangxi, Hunan, Hubei, Hainan, Hebei, Fujian, Jilin, Shandong, Sichuan, Ningxia, Inner Mongolia, Henan, Shaanxi, Jiangsu and Zhejiang with total floor areas of approximately 39,318 sq.m. (31 October 2021: approximately 71,899 sq.m.).

## MANAGEMENT DISCUSSION AND ANALYSIS

### *(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.

During the Period, ZSGT generated revenue for property sub-leasing and management services of approximately HK\$10.0 million which represented a decrease of approximately 65.1% as compared to same period last year (31 October 2021: approximately HK\$28.5 million). The COVID-19 pandemic had affected the property sub-leasing market and thus led to a decline of revenue for the sub-leasing and management services segment.

## 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\$Nil for the Relevant Period, which represented a decrease of approximately 100% as compared to same period last year (31 October 2021: approximately HK\$3.8 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 are 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 this 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\$Nil, which represented a decrease of approximately 100% as compared to the same period last year (31 October 2021: approximately HK\$0.7 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 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.

During the Relevant Period, the commodity trading business record revenue of approximately HK\$Nil (31 October 2021: approximately HK\$4.0 million). The decrease was mainly because the PRC government implemented very strict control measures in different major cities which led to uncertainties in the transportation logistics as well as the demand of the commodity. Nevertheless, the operation of the commodity trading business will gradually restore to normal when the pandemic come steadily under control. Since the Group has built up a management team with relevant commodities trading experience and accumulated customer base, the Group will keep on with the commodity trading business and explore for the self-operated commodity trading business at the same time. It is thus expected that the commodity trading business will bring economic benefits to the Group in the future.

## OUTLOOK

At the beginning of 2022, the outbreak of COVID-19 not being under control and the ongoing Russia-Ukraine conflict and tense China-US trade relations brought uncertainties to the global economic recovery and the trade development. Over the short term, the overall business environment remains challenging. The aggravation of the inflationary pressures, decline in consumer spending, interest rate hikes, supply-side disruptions as well as adverse market sentiment will be the major challenges to the Group.

The Group will remain prudent in the short run and be optimistic in the long run. With the implementation of a series of economic stimulus policies by the central government, the overall economic environment in the PRC will recover steadily. Besides, small and medium-sized enterprises and individuals will be the economic drivers of the recovery for the market. The Group will thus leverage its strength and seize the opportunity and focus on the property sub-leasing and management services segment as its revenue and profit engine.

The Group will continue to make good progress in restructuring our businesses in an effort to build a long-term sustainable business portfolio as well as to enlarge its earnings base in the interests of the Group's shareholders as a whole.

\* For identification purpose only

## FINANCIAL REVIEW

### Revenue

Our revenue decreased from approximately HK\$37.0 million for the three months ended 31 October 2021 to approximately HK\$10.0 million for the Relevant Period, representing a decrease of approximately 73.1%. Such decrease was mainly due to the sharp decrease in revenue derived from the property sub-leasing and management services, interior design and decoration works as well as the commodity trading businesses.

### Cost of Services

Our cost of services decreased from approximately HK\$19.9 million for the three months ended 31 October 2021 to approximately HK\$8.8 million for the Relevant Period, representing a decrease of approximately 56.0%. Such decrease 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 terms leases and etc.

### Gross Profit

Our gross profit decreased from approximately HK\$17.1 million for the three months ended 31 October 2021 to approximately HK\$1.2 million for the Relevant Period, representing a decrease of approximately 93.0%. The decrease of gross profit was mainly due to the decrease in the overall revenue.

### Other Income and Gains

Our other income and gains decreased by approximately HK\$0.5 million from approximately HK\$0.6 million for the three months ended 31 October 2021 to approximately HK\$0.1 million for the Relevant Period. Such decrease was mainly due to the decrease of bank interest income.

### Administrative and Other Operating Expenses

Our administrative and other operating expenses amounted to approximately HK\$5.3 million and HK\$4.5 million for the three months ended 31 October 2022 and 2021 respectively, representing an increase of approximately 17.4% for the same period of last year. The increase was mainly due to the undercharge of stamp duty for commodity trading business in last year amounting to HK\$0.7 million.

### (Loss)/profit for the Relevant Period

As a results of the aforesaid, the business of the Group recorded a loss of approximately HK\$4.5 million for the Relevant Period, as compared to a profit of approximately HK\$5.9 million for the three months ended 31 October 2021. The increase in loss was mainly due to the drop in overall revenues caused by COVID-19.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Dividends

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

### Liquidity and Financial Resources

The Group maintained a healthy financial position during the Relevant Period. As at 31 October 2022, the Group had cash and cash equivalent of approximately HK\$24.5 million (31 July 2022: approximately HK\$59.3 million).

The current ratio as at 31 October 2022 was 2.2 (31 July 2022: 2.2).

### Gearing Ratio

The gearing ratio of the Group as at 31 October 2022 was Nil (31 July 2022: Nil).

The gearing ratio is calculated as total borrowing divided by total equity as at the respective dates.

### 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 October 2022, the Group did not have any charges on its assets (31 July 2022: 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 Board considered that no hedging of exchange risk is required and accordingly, there were no financial instruments being used for hedging purposes during the three months ended 31 October 2022. Nevertheless, the management will continue to monitor the Group's foreign exchange exposure and will take prudent measures as and when appropriate.

### **Capital Commitments**

The Group did not have any other material capital commitments as at 31 October 2022 (31 July 2022: Nil).

### **Significant Investments Held**

Except for investment in its subsidiaries, the Group did not hold any significant investment in equity interest in any other company as at 31 October 2022.

### **Material Acquisitions, Deregistrations and Disposals of Subsidiaries and Affiliated Companies**

The Group did not have any other material acquisitions, deregistrations and disposals of subsidiaries and affiliated companies for the period ended 31 October 2022.

### **Contingent Liabilities**

The Group did not have any other material contingent liabilities as at 31 October 2022 (31 July 2022: Nil).

### **Future Plans for Material Investments or Capital Assets**

For the period ended 31 October 2022, 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### DISCLOSEABLE TRANSACTION IN RELATION TO TENANCY AGREEMENT

On 7 October 2022, ZSGT, a wholly-owned subsidiary of the Company, as tenant and Shenzhen Qianhai Woche Technology Co., Ltd.\* (深圳市前海沃辰科技有限公司) as landlord entered into the tenancy agreement in respect of the leasing of a seven-storey building for a term of five years. The Directors consider that the leasing of the relevant premises represents a good opportunity for the Group to leverage on its established experience and expertise in the sub-leasing business. The leasing of the premises is expected to broaden the income stream and to contribute to the Group's revenue in the long run.

For more details, please refer to the announcements of the Company dated 7 October 2022 and 12 October 2022.

### PROPOSED CHANGE OF COMPANY NAME

On 21 October 2022, the Board proposes to change the English name of the Company from "CHINA ALL NATION INTERNATIONAL HOLDINGS GROUP LIMITED" to "ALL NATION INTERNATIONAL GROUP LIMITED" and the dual foreign name in Chinese of the Company from "中國全民國際控股集團有限公司" to "全民國際集團有限公司".

On 9 December 2022, the special resolution in relation to the proposed change of name was duly passed by the Shareholders by way of poll at the annual general meeting of the Company held on 9 December 2022.

The proposed change of company name is still subject to the Registrar of Companies in the Cayman Islands approving the proposed change of company name by issuing a certificate of incorporation on change of name.

For more details, please refer to the announcements of the Company dated 21 October 2022 and 9 December 2022 and the circular of the Company dated 31 October 2022.

### CHANGE IN INFORMATION OF DIRECTORS

With effect from 19 August 2022, Mr. Liu Guofei and Ms. Li Lin have resigned as executive Directors due to their increasing commitments to their own business and personal affairs. Mr. Liu has at the same time resigned as co-chairperson and chief executive officer of the Company.

\* For identification purpose only

DISCLOSURE OF INTERESTS

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

As at 31 October 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 October 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 October 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:

1. Interests in Shares stated above represent long positions.
2. The entire issued share capital of Sonic Solutions Limited is wholly-owned by Mr. Lin Ye, an executive director of the Company.
3. 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 October 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 OF 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 CG Code as described below.

Pursuant to code provision C.2.1 of the CG 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, (i) 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; and (ii) there had been no chief executive officer in the Company after the resignation of Mr. Liu Guofei as the Company's executive Director, co-chairperson and chief executive officer of the Company with effect from 19 August 2022.

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 for 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 CG 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 October 2022.

### 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 D.3.3 and D.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.

### EVENTS AFTER THE RELEVANT PERIOD

The Directors are not aware of any other significant event requiring disclosure that has taken place subsequent to 31 October 2022 and up to the date of this report.

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

Hong Kong, 14 December 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.*