



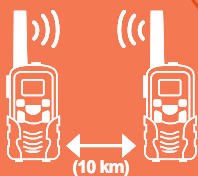
On Real International Holdings Limited
安悅國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

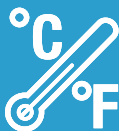
Stock Code: 8245



250M



IPX2



2021
INTERIM REPORT

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

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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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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





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DIRECTORS

Executive Directors: Mr. Chan Lung Ming (*Chairman*)
Mr. Yeung Shing Wai
Ms. Sin Pui Ying

Non-executive Director: Mr. Tao Hong Ming

Independent
Non-executive Directors: Mr. Chan Shiu Man
Mr. Wong Ching Wan
Mr. Cheng Chai Fu

AUDIT COMMITTEE

Mr. Wong Ching Wan (*Chairman*)
Mr. Chan Shiu Man
Mr. Cheng Chai Fu

REMUNERATION COMMITTEE

Mr. Chan Shiu Man (*Chairman*)
Mr. Wong Ching Wan
Mr. Cheng Chai Fu

NOMINATION COMMITTEE

Mr. Cheng Chai Fu (*Chairman*)
Mr. Chan Shiu Man
Mr. Wong Ching Wan

COMPANY SECRETARY

Mr. Lee Cheuk Man

COMPLIANCE OFFICER

Mr. Yeung Shing Wai

AUTHORISED REPRESENTATIVES

Mr. Yeung Shing Wai
Mr. Lee Cheuk Man

REGISTERED OFFICE

Cricket Square
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KY1-1111 Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wan Chai
Hong Kong

**PRINCIPAL SHARE
REGISTRAR AND
TRANSFER OFFICE IN
THE CAYMAN ISLANDS**

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Cricket Square
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**HONG KONG BRANCH
SHARE REGISTRAR
AND TRANSFER
OFFICE**

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PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
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Hong Kong

AUDITOR

Elite Partners CPA Limited
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Tsim Sha Tsui, Kowloon
Hong Kong

STOCK CODE

8245

COMPANY'S WEBSITE

www.on-real.com

FINANCIAL HIGHLIGHTS

- Revenue of the Company for the six months ended 30 September 2021 amounted to approximately HK\$54.6 million, representing a significant decrease of approximately 70.8% as compared with that of approximately HK\$187.1 million for the six months ended 30 September 2020.
- Loss attributable to the owner of the Company for the six months ended 30 September 2021 amounted to approximately HK\$24.9 million as compared to a loss of approximately HK\$15.0 million for the six months ended 30 September 2020.
- Basic and diluted loss per share for the six months ended 30 September 2021 amounted to approximately HK cents 4.15 (for the six months ended 30 September 2020: HK cents 2.50).
- The Board does not recommend the payment of any dividend for the six months ended 30 September 2021 (for the six months ended 30 September 2020: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 September 2021, together with the unaudited comparative figures for the corresponding period in 2020.

BUSINESS REVIEW

The Group is a two-way radio product designer and manufacturer established in 2001. We derive revenue principally from designing, manufacturing and selling two-way radios and baby monitor products on original design manufacturing basis.

The Group’s revenue decreased from approximately HK\$187.1 million for the six months ended 30 September 2020 to approximately HK\$54.6 million for the six months ended 30 September 2021, representing a decrease of approximately 70.8%. Such decrease was mainly due to (i) order reducing from our customers due to the trade war between the People’s Republic of China and the United States; (ii) the delay of sales orders affected by the knockdown of transportation due to the effect of Novel Coronavirus (“**COVID-19**”); and (iii) the delay of material supply especially Integrated Circuit (“**IC chips**”) due to the global shortage of raw materials.

The Group’s revenue of two-way radios decreased by approximately 73.3% from approximately HK\$146.8 million for the six months ended 30 September 2020 to approximately HK\$39.2 million for the six months ended 30 September 2021. The reason for the decrease was that the sales orders were delayed due to the knockdown of transportation and the lack of raw materials under the effect of COVID-19 during the six months ended 30 September 2021.

The Group’s revenue of baby monitors decreased by approximately 70.6% from approximately HK\$1.1 million for the six months ended 30 September 2020 to approximately HK\$0.3 million for the six months ended 30 September 2021 mainly due to the decrease in demand of our audio baby monitor products.

The Group did not derive any revenue from servicing business for the six months ended 30 September 2021 (2020: approximately HK\$7.7 million). This was mainly due to the provision of electronic manufacturing servicing business for the six months ended 30 September 2020 while no such order was made during the six months ended 30 September 2021.

The Group's revenue of other products decreased by approximately 52.3% from approximately HK\$31.4 million for the six months ended 30 September 2020 to approximately HK\$15.0 million for the six months ended 30 September 2021 mainly due to decrease in demand and decrease of number of purchase orders from our other products.

The Company will continue to diversify the revenue stream and expand the customer base by expanding product offerings and exploring business opportunity with current and potential customers.

The following table sets forth the breakdown of the revenue of the Group by product/service categories for the six months ended 30 September 2020 and 2021:

	Unaudited					
	Six months ended 30 September					
	2021		2020		Increase (decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Two-way radio	39,234	71.9	146,845	78.5	(107,611)	(73.3)
Baby monitors	321	0.6	1,090	0.6	(769)	(70.6)
Service business	—	—	7,713	4.1	(7,713)	(100.0)
Other products	15,001	27.5	31,445	16.8	(16,444)	(52.3)
Total	54,556	100.0	187,093	100.0	(132,537)	(70.8)

PROSPECT

Our business objectives are to grow our existing business by strengthening our product portfolio, enhancing our information management system and enhancing our marketing efforts. We will continue to look for opportunities to diversify our revenue stream, search for new product and to leverage our developed sales channels and network for distributing related products.

In coming year, the Group will continue to spend effort in research and development on new product line and seek for new customers and sales channels. We will also continue to subcontract partial of our manufacturing and operation activities to reduce the fix overhead and to enhance the flexibility in terms of fixed cost commitment. We will continue to put effort in developing new model of our products and diversify our revenue streams which are expected to bring growth potential for turnover to the Group and returns to the shareholders of the Company (the “**Shareholders**”). The Group will enhance our business revenue and profitability by introducing new product categories and/or leveraging our research and development capability to provide design engineering service to our customers. The Group will look for and consider potential investment business opportunities from time to time.

The economic downturn caused by impact of COVID-19 and the effect of trade war between the People’s Republic of China and United States have brought about additional uncertainties to the Group’s operating environment and may impact the Group’s operations and financial position. The Group will continue to keep track of development of the COVID-19 and trade war and to evaluate their impacts on the Group’s financial position, cash flows and operating results. The Group holds a positive and optimistic attitude to react proactively to its possible impact on Group’s performance.

FINANCIAL REVIEW

Cost of Sales and Gross Profit

The majority of the Group's cost of sales comprised of raw material cost, direct labour costs and subcontracting fees. Our cost of sales decreased by approximately 69.9% from HK\$176.1 million for the six months ended 30 September 2020 to HK\$53.0 million for the six months ended 30 September 2021. The gross profit ratio decreased from approximately 5.9% for the six months ended 30 September 2020 to approximately 2.9% for the six months ended 30 September 2021. The reason for the decrease in gross profit was that the proportion of the decrease in revenue outweigh the fixed overhead especially the staff costs.

Selling and Distribution Expenses

The selling and distribution expenses decreased from approximately HK\$2.2 million for the six months ended 30 September 2020 to approximately HK\$0.8 million for the six months ended 30 September 2021, which was mainly due to less transportation expenses and certification cost incurred compared with the corresponding period in 2020.

Administrative Expenses

The administrative expenses increased from approximately HK\$22.7 million for the six months ended 30 September 2020 to approximately HK\$25.7 million for the six months ended 30 September 2021, which was mainly due to increase of research and development fee.

Loss attributable to the owners of the Company

Loss attributable to the owners of the Company for the six months ended 30 September 2021 amounted approximately HK\$24.9 million compared with loss of approximately HK\$15.0 million for the six months ended 30 September 2020. The reason for the increase in the loss was mainly contributed by the proportion of the decrease in revenue due to trade war, COVID-19 and shortage of raw materials which outweigh the fixed overhead especially the staff costs.

Liquidity, Financial Resources and Capital Structure

Historically, the Group has funded the liquidity and capital requirements primarily through operating cash flows and bank borrowings. As at 30 September 2021, we had various short term borrowings, bank borrowings and lease liabilities of approximately HK\$6.8 million (as at 31 March 2021: approximately HK\$16.2 million), representing a decrease of approximately HK\$9.4 million as compared to that as at 31 March 2021.

Net current assets decreased from approximately HK\$25.5 million as at 31 March 2021 to approximately HK\$1.4 million as at 30 September 2021, which was mainly due to decrease in the bank balances for usage of general working capital and repayment of bank borrowings during the six months ended 30 September 2021.

The Company requires cash primarily for working capital needs. As at 30 September 2021, the Company had approximately HK\$10.1 million in cash and bank balances (as at 31 March 2021: approximately HK\$11.8 million), representing a decrease of approximately HK\$1.7 million as compared to that as at 31 March 2021.

As of 30 September 2021, the equity attributable to the owners of the Company were approximately HK\$6.7 million, of which share capital was approximately HK\$7.5 million, capital reserve was approximately HK\$1.5 million, PRC statutory surplus reserve was approximately HK\$2.7 million, exchange reserve was approximately HK\$3.6 million and accumulated loss were approximately HK\$102.4 million. The equity attributable to the owners of the Company decreased by approximately 78.4% from approximately HK\$31.0 million as at 31 March 2021. There were no debt securities issued by the Group during the six months ended 30 September 2021.

Capital Commitments

As at 30 September 2021, the Company had no any capital commitments on acquisition of property, plant and equipment (as at 31 March 2021: nil).

Gearing Ratio

As at 30 September 2021, the gearing ratio of the Group was approximately 94.5% (as at 31 March 2021: approximately 50.1%). The gearing ratio is calculated based on the borrowings divided by the equity attributable to owners of the Company as at 30 September 2021. The increase of the gearing ratio was mainly attributable to the decrease in the amount of equity arising from operating activities.

Pledged of Assets

As at 30 September 2021 and 31 March 2021, the Group's banking facilities were secured by:

- (i) pledged bank deposits with carrying amount of approximately HK\$1,158,000; and
- (ii) a corporate guarantee from the Company with an aggregate amount of approximately HK\$65,000,000.

Contingent Liabilities

On 20 January 2020, the Company received a third-party notice with legal case no. HCA1643/2019 between the Barton Eagle Limited (the “**Plaintiff**”), Lam Tak Hung (the “**Defendant**”) and the Company. The Plaintiff claimed against the Defendant approximately HK\$8 million under a guarantee for debts own by the Company. The Defendant claims against the Company to be indemnified against the Plaintiff’s claim and the cost of this action on the grounds that the Company are the principal debtor of the alleged debt. The management of the Company is seeking the legal opinion for the above case.

Up to the date of this report, the outcome of the proceedings is still uncertain. As the Directors considered it is premature and not practical to draw a conclusion of the outcome of the claims and that the ultimate liability, if any, will not have a material adverse impact on the Group’s consolidated financial position, no provision was made as at 30 September 2021 (as at 31 March 2021: nil).

Apart from the contingent liabilities disclosed on the above, the Company has no significant contingent liabilities as at 30 September 2021 (as at 31 March 2021: nil).

Financial Risk Management

During the six months ended 30 September 2021, the Group regularly reviewed the risk and credit control systems of its profit centres in order to improve the overall controlling system and mitigate credit risk.

Risk management is carried out by finance department under policies approved by the Board. Finance department identifies, evaluates and hedges financial risks in close co-operation with the Group’s operating units. The Board provides guidance for overall risk management and specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Company did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure as of 30 September 2021.

FOREIGN EXCHANGE EXPOSURE

The Group operates in the PRC and Hong Kong with all of the transactions settled in Renminbi (“**RMB**”), U.S Dollar, Euro and Hong Kong Dollar during the six months ended 30 September 2021. Therefore, the Group considers the risk exposure to foreign currency fluctuation would be essentially in line with the performance of the exchange rate of above-mentioned currencies. During the six months ended 30 September 2021, the Group did not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure.

Significant Investments held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

There were neither significant investments held as at 30 September 2021 nor material acquisitions and disposals of subsidiaries during the six months ended 30 September 2021. Save for the business plan and the capital commitments as disclosed in this report, there is no plan for material investment or capital assets, nor any material acquisitions and disposals of subsidiaries, associates and joint ventures as at 30 September 2021.

Dividend

The Board does not recommend the payment of a dividend for the six months ended 30 September 2021 (2020: nil).

Employees and Remuneration Policies

As of 30 September 2021, the Group had a total of 159 employees. Total staff costs (including Directors’ emoluments) were approximately HK\$14.6 million for the six months ended 30 September 2021 (30 September 2020: HK\$8.7 million). Remuneration is determined with reference to market conditions and the performance, qualifications and experience of individual employee. Year-end bonus will be paid to employees as recognition of and reward for their contributions according to individual performance. Other benefits include share option scheme, contributions to statutory mandatory provident fund schemes and social insurance together with housing provident funds to its employees in Hong Kong and the PRC respectively.

FUND RAISING ACTIVITIES

Share Consolidation, Change in Board Lot Size, Authorised Share Capital Increase and Rights Issue

Details of the Share Consolidation, Authorised Share Capital Increase and Right Issue were set out in the Company's announcements (the "**Announcements**") dated 24 December 2019 and 4 February 2020, the Company's circular (the "**Circular**") dated on 15 January 2020 and the Company's prospectus (the "**Prospectus**"). Unless otherwise defined, capitalised terms used herein shall bear the same meanings ascribed thereto in the Announcements.

On 24 December 2019, the Board proposed to the Shareholders to effect the Share Consolidation which involved the consolidation of every ten (10) issued and unissued Existing Shares of par value HK\$0.00125 each into one (1) Consolidated Share of par value of HK\$0.0125. The Board also proposed to change the board lot size for trading on the Stock Exchange from 5,000 Existing Shares to 10,000 Consolidated Shares upon the Share Consolidation having become effective.

Also, the Company proposed to increase the Company's authorised share capital (conditional on the Share Consolidation having become effective) from HK\$7,800,000 divided into 624,000,000 Consolidated Shares to HK\$39,000,000 divided into 3,120,000,000 Consolidated Shares by the creation of an additional 2,496,000,000 Consolidated Shares.

The Board proposed, subject to, amongst others, the Share Consolidation and the Authorised Share Capital Increase becoming effective, to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) Consolidated Shares held on the Record Date at the Subscription Price of HK\$0.1 per Rights Share, to raise gross proceeds of approximately HK\$19.95 million before expenses, by way of the Rights Issue of 199,500,000 Rights Shares to the Qualifying Shareholders.

The Company provisionally allotted to the Qualifying Shareholders one Rights Share in nil-paid form for every two Consolidated Shares in issue and held on the Record Date. The Rights Issue was not available to the Excluded Shareholders.

The net proceeds from the Rights Issue after deducting all necessary expenses were to be approximately HK\$17.8 million, which were intended to be applied in following manner: (i) as to approximately HK\$14.1 million, being approximately 79.2%, for expansion of existing business and/or acquisition of and/or investment in business(es) which leverage on the competitive advantage of the Group should suitable opportunities arise; and (ii) remaining net proceeds of approximately HK\$3.7 million, being approximately 20.8%, for general working capital of the Group.

On 4 February 2020, all the resolutions of Share Consolidation and Authorised Share Capital Increase were duly passed by the Shareholders by way of poll at the EGM. As all the conditions of the Share Consolidation had been fulfilled, the Share Consolidation and Authorised Share Capital Increased had taken effect on 6 February 2020.

On 6 March 2020, all conditions set out in the underwriting agreement relating to the Rights Issue had been fulfilled and the Rights Issue became unconditional. The gross proceeds raised from the Rights Issue are approximately HK\$19.95 million before expenses.

Details of the Rights Issue and Underwriting Agreement were set out in the Announcements, Circular and Prospectus.

As at 30 September 2021, the net proceeds of the Rights Issue had been utilised as follows:

	Actual net proceeds allocated	Amount utilised up to 30 September 2021	Balance as at 30 September 2021
	HK\$ Million	HK\$ Million	HK\$ Million
Share Consolidation, Change in Board Lot Size, Authorised Share Capital Increase and Rights Issue (completion on 11 March 2021)			
Expansion of existing business and/or acquisition of and/or investment in business(es) which leverage on the competitive advantage of the Group	14.1	14.1	—
General working capital	3.7	3.7	—

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2021, none of the Directors or chief executive of the Company or their associates had any interests and short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (iii) which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange. There were no debt securities issued by the Group during the six months ended 30 September 2021.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2021, so far as known to the Directors, the following shareholders had, or were deemed to have, interests or short positions, in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares of the Company

Name	Capacity	Number of Shares interested or held	Percentage of interest
Solution Smart Holdings Limited (" Solution Smart ") (Note 1)	Beneficial owner	112,589,600	18.81%
Mr. Chung Wai Sum (" Mr. Chung ") (Note 1)	Interest in a controlled corporation	112,589,600	18.81%
SMK Investment Company Limited (" SMK ") (Note 2)	Beneficial owner	90,997,600	15.20%
Mr. Kor Sing Mung Michael (Note 2)	Interest in a controlled corporation	90,997,600	15.20%

Notes:

1. Mr. Chung Wai Sum is the sole beneficial shareholder of Solution Smart. Therefore, Mr. Chung is deemed to be interested in 112,589,600 shares of the Company held by Solution Smart under the SFO.
2. Mr. Kor Sing Mung Michael is the sole beneficial shareholder of SMK. Therefore, Mr. Kor Sing Mung Michael is deemed to be interested in 90,997,600 shares of the Company held by SMK under the SFO.
3. All interests stated above represent long positions.

Save as disclosed above, the Directors are not aware of any other person who had an interest or short position in the shares or underlying shares (including interest in options, if any) of the Company as recorded in the register required to be kept under section 336 of the SFO as at 30 September 2021.

CORPORATE GOVERNANCE

The Company is committed to ensure a high standard of corporate governance in the interests of the shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices. The Company has complied with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules throughout the six months ended 30 September 2021. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code during the six months ended 30 September 2021.

The Company fully complied with all the code provisions set out in the CG Code throughout the six months ended 30 September 2021.

DIRECTORS’ SECURITIES TRANSACTIONS

The Group had adopted Rules 5.46 to Rules 5.67 Rules of the GEM Listing Rules (“**Model Code**”) as its own code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings.

Having made specific enquiry with all the Directors and all the Directors of the Company had confirmed compliance with the required standard of dealings set out in the Model Code and the code of conduct for Directors’ securities transactions during the six months ended 30 September 2021.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its shares during the six months ended 30 September 2021. Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2021.

SHARE OPTION SCHEME

The share option scheme of the Company ("**Scheme**") was adopted pursuant to a resolution passed by the Company's shareholders on 16 September 2015 for the primary purpose is to attract, retain and motivate talented participants, to strive for future developments and expansion of the Group. Eligible participants of the Scheme include any employees, any executives, non-executive Directors (including independent non-executive Directors), advisors, consultants of the Company or any of its subsidiaries.

The Scheme will remain valid and effective for a period of 10 years commencing on the date on which the Scheme is adopted, after which period no further share options will be granted but the provisions of the Scheme shall in all other respects remain in full force and effect and share options which are granted during the life of the Scheme may continue to be exercisable in accordance with their terms of issue. The principal terms of which were summarized in the paragraph headed "Share Option Scheme" in Appendix IV to the prospectus of the Company dated 18 September 2015. No share options had been granted, agreed to be granted, exercised, cancelled, expired or lapsed under the Scheme during the six months ended 30 September 2020. The Company did not have any outstanding share options, warrants and convertible instruments into shares as at 30 September 2021 and the date of this report. The total number of shares of the Company which may be issued upon the exercise of all options to be granted under the Scheme was 26,880,000 shares (adjusted as a result of share consolidation effected on 6 February 2020) of the Company, representing approximately 4.5% of the issued share capital of the Company as at 30 September 2021 and the date of this report.

AUDIT COMMITTEE

The existing audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, chaired by Mr. Wong Ching Wan and the other two members are Mr. Chan Shiu Man and Mr. Cheng Chai Fu.

The unaudited interim financial results of the Group for the six months ended 30 September 2021 have been reviewed by the Audit Committee.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events since 30 September 2021 and up to the date of this report.

By Order of the Board
On Real International Holdings Limited
Chan Lung Ming
Chairman and executive Director

Hong Kong, 12 November 2021

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months ended 30 September 2021

The Board is pleased to announce the unaudited consolidated results of the Group for the three months and six months ended 30 September 2021, together with the comparative figures for the corresponding period in 2020 which have been reviewed and approved by the Audit Committee, as follows:

	Notes	Three months ended 30 September		Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	6	26,973	102,433	54,556	187,093
Cost of sales		(26,578)	(95,563)	(52,997)	(176,126)
Gross profit		395	6,870	1,559	10,967
Other income	7	210	834	445	2,111
Other gains and (losses)	8	22	(1,602)	(164)	(1,685)
Selling and distribution expenses		(124)	(1,040)	(794)	(2,188)
Administrative expenses		(20,791)	(15,491)	(25,665)	(22,666)
Finance costs	9	(76)	(616)	(238)	(1,355)
Loss before income tax	10	(20,364)	(11,045)	(24,857)	(14,816)
Income tax expense	11	—	(155)	—	(155)
Loss for the period		(20,364)	(11,200)	(24,857)	(14,971)
Other comprehensive income (expense)					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		(21)	(538)	521	(513)
Total comprehensive expense for the period		(20,385)	(11,738)	(24,336)	(15,484)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months ended 30 September 2021

Notes	Three months ended 30 September		Six months ended 30 September	
	2021	2020	2021	2020
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Loss for the period attributable to:				
Owners of the Company	(20,364)	(11,200)	(24,857)	(14,971)
Non-controlling interests	—	—	—	—
	(20,364)	(11,200)	(24,857)	(14,971)
Total comprehensive expense for the period attributable to:				
Owners of the Company	(20,385)	(11,738)	(24,336)	(15,484)
Non-controlling interests	—	—	—	—
	(20,385)	(11,738)	(24,336)	(15,484)
Loss per share (HK cents)				
Basic and diluted	12 (3.40)	(1.87)	(4.15)	(2.50)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	14	32	—
Right-of-use assets		219	313
Intangible assets	14	—	—
Investment deposit		4,600	5,400
Deposit and prepayment	15	625	136
		5,476	5,849
Current assets			
Inventories	16	26,361	24,398
Trade and other receivables	15	21,728	43,942
Loan receivable	17	—	—
Pledged bank deposits		1,196	1,158
Bank balances and cash		10,125	11,815
		59,410	81,313
Current liabilities			
Trade and other payables	18	50,083	37,590
Borrowings	19	6,295	15,560
Amount due to a related company	20	1,286	2,281
Lease liabilities		379	359
Income tax payables		—	—
		58,043	55,790

	<i>Notes</i>	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Net current assets		1,367	25,523
Total assets less current liabilities		6,843	31,372
Non-current liabilities			
Lease liabilities		122	315
Net assets		6,721	31,057
Capital and reserves			
Share capital	21	7,481	7,481
Reserves		(823)	23,513
Equity attributable to owners of the Company		6,658	30,994
Non-controlling interests		63	63
Total equity		6,721	31,057

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	PRC statutory reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
Balance at 1 April 2021 (Audited)	7,481	93,897	1,465	2,670	3,034	(77,553)	30,994	63	31,057
Loss for the period	–	–	–	–	–	(24,857)	(24,857)	–	(24,857)
Other comprehensive income									
Exchange difference arising on translation of foreign operations	–	–	–	–	521	–	521	–	521
Total comprehensive expense	–	–	–	–	521	(24,857)	(24,336)	–	(24,336)
Balance at 30 September 2021 (Unaudited)	7,481	93,897	1,465	2,670	3,555	(102,410)	6,658	63	6,721

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	PRC statutory reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
Balance at 1 April 2020 (Audited)	7,481	93,897	1,465	2,670	909	(42,972)	63,450	68	63,518
Loss for the period	–	–	–	–	–	(14,971)	(14,971)	–	(14,971)
Other comprehensive expense									
Exchange difference arising on translation of foreign operations	–	–	–	–	(513)	–	(513)	–	(513)
Total comprehensive expense	–	–	–	–	(513)	(14,971)	(15,484)	–	(15,484)
Balance at 30 September 2020 (Unaudited)	7,481	93,897	1,465	2,670	396	(57,943)	47,966	68	48,034

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash generated from (used in) operating activities	7,447	(34,575)
Net cash generated from (used in) investing activities	53	(1,349)
Net cash (used in) generated from financing activities	(9,676)	10,780
Net decrease in cash and cash equivalents	(2,176)	(25,144)
Cash and cash equivalents at beginning of the period	12,973	47,896
Effect on foreign exchange rates change	524	—
Cash and cash equivalents at end of the period	11,321	22,752
Analysis of cash and cash equivalents		
Bank balances and cash	11,321	22,752

1 CORPORATION INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

(a) General information

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised), of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is G/F, 200 Hennessy Road, Wan Chai, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are designing, trading and manufacturing of two-way radios, baby monitors, other communication devices and servicing business of the above products.

The Company was listed on the GEM on 30 September 2015.

This unaudited condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (“**HK\$000**”), unless otherwise stated.

(b) Basis of presentation

The presentation applied are consistent with those of the consolidated annual financial statements for the year ended 31 March 2021.

2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2021 (“**Interim Period**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM (the “**GEM Listing Rules**”).

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements of the Group for the Interim Period are consistent with those used in the audited financial statements of the Group for the year ended 31 March 2021 and should be used in conjunction with the audited Consolidated Financial Statements for the year ended 31 March 2021.

2 BASIS OF PREPARATION (CONTINUED)

HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the Interim Period. There have been no significant changes to the accounting policies applied in these financial statements for the Interim Period presented as a result of these developments.

The unaudited condensed consolidated financial statements for the Interim Period have not been audited by the Company's independent auditor but have been reviewed by the Company's audit committee.

The preparation of the unaudited condensed consolidated financial statements of the Group for the Interim Period is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require the management to exercise their judgements in the process of applying the Group's accounting policies.

ADOPTION OF NEW AND AMENDED HKFRSs

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant to its operation and effective for its accounting period beginning on 1 April 2021. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKAS**") and Interpretations.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. A number of new or amended standards are effective from 1 April 2021 but they do not have a material effect on the Group's unaudited condensed consolidated interim financial statements.

3 PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for financial asset at fair value through profit or loss which is measured at fair values.

4 ESTIMATES

The preparation of unaudited condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2021.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The unaudited interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the consolidated annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2021.

There have been no changes in the risk management policies since year end.

5.2 Liquidity risk

Compared to year end, there have been no material changes to the policies and practices for the Group's liquidity and funding risks management as described in the annual financial statements for the year ended 31 March 2021.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(CONTINUED)

5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The fair values of trade and other receivables, bank balances and cash, trade and other payables and borrowings as at 30 September 2021 approximate to their carrying amounts.

6 SEGMENT INFORMATION

Total revenue recognised during the respective period are as follows:

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Sales of goods	26,973	102,400	54,556	179,380
Sales of service	—	33	—	7,713
	26,973	102,433	54,556	187,093

The revenue from external parties is derived from numerous external customers and the revenue reported to the management is measured in a manner consistent with that in the condensed consolidated income statements.

6 **SEGMENT INFORMATION** (CONTINUED)

The Group is principally engaged in the designing, trading and manufacturing of two-way radios, baby monitors, other communication devices and servicing business of the above products.

The executive Directors have been identified as the chief operating decision makers. The executive Directors have determined the operating segments based on the reports reviewed by them that are used to make strategic decisions.

Management of the Company considers the business from a product perspective whereby management of the Company assesses the performance of two-way radios, baby monitors, other communication products and servicing business based on gross profit arising in the course of the ordinary activities which are recurring in nature.

Capital expenditure comprises additions to property, plant and equipment.

6 SEGMENT INFORMATION (CONTINUED)

The segment information provided to the executive Directors for the reportable segments are as follows:

	Two-way radios HK\$'000 (Unaudited)	Baby monitors HK\$'000 (Unaudited)	Service business HK\$'000 (Unaudited)	Other products (Note) HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
For the six months ended 30 September 2021					
Total segment revenue (from external customers)	39,234	321	—	15,001	54,556
Segment result for the period	922	14	—	623	1,559
Other segment items:					
Depreciation of property, plant and equipment	—	1	—	—	1
For the six months ended 30 September 2020					
Total segment revenue (from external customers)	146,845	1,090	7,713	31,445	187,093
Segment result for the period	8,369	(73)	480	2,191	10,967
Other segment items:					
Depreciation of property, plant and equipment	378	1	14	100	493

6 SEGMENT INFORMATION (CONTINUED)

	Two-way radios HK\$'000 (Unaudited)	Baby monitors HK\$'000 (Unaudited)	Service business HK\$'000 (Unaudited)	Other products (Note) HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
For the three months ended 30 September 2021					
Total segment revenue (from external customers)	24,180	—	—	2,793	26,973
Segment result for the period	335	1	—	59	395
Other segment items:					
Depreciation of property, plant and equipment	—	1	—	—	1
For the three months ended 30 September 2020					
Total segment revenue (from external customers)	82,794	533	33	19,073	102,433
Segment result for the period	5,166	(87)	252	1,539	6,870
Other segment items:					
Depreciation of property, plant and equipment	201	1	—	61	263

Note: Other products include transistors, integrated circuits, plastic casings, rechargeable battery chargers, ultrasonic cleansers, inductive emergency flashlights, LCD display module and accessories such as headsets, belt clips, chargers and power adaptors, etc.

6 SEGMENT INFORMATION (CONTINUED)

A reconciliation of total segment result to the loss for the respective period is provided as follows:

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Segment results	395	6,870	1,559	10,967
Other income	210	834	445	2,111
Other gains and (losses)	22	(1,602)	(164)	(1,685)
Selling, distribution and administrative expenses	(20,915)	(16,531)	(26,459)	(24,854)
Finance costs	(76)	(616)	(238)	(1,355)
Loss before income tax	(20,364)	(11,045)	(24,857)	(14,816)

6 SEGMENT INFORMATION (CONTINUED)

An analysis of revenue by geographic location, based on shipping destination, is set out below:

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
The United States of America (the "US")	—	31,753	—	69,850
Europe (Note 1)	2,703	4,060	3,886	5,646
The Netherlands	—	1,718	—	2,752
Asia (Note 2)	24,270	34,392	50,670	56,059
The United Kingdom ("UK")	—	3,808	—	4,962
Germany	—	25,202	—	46,172
Others (Note 3)	—	1,500	—	1,652
	26,973	102,433	54,556	187,093

Note 1: Europe includes but is not limited to France, Italy and Belgium but excludes UK, Germany and the Netherlands.

Note 2: Asia includes but is not limited to the PRC and Hong Kong.

Note 3: Others include but is not limited to Brazil, Canada and Russia.

Revenue is allocated based on the shipping destination.

7 OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Bank interest income	25	29	89	57
Gain on disposal of non-current assets	51	214	95	379
Sale of scrap materials	12	9	16	19
Others	122	582	245	1,656
	210	834	445	2,111

8 OTHER GAINS AND (LOSSES)

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Exchange gains (losses), net	22	(930)	(164)	(1,013)
Loss on disposal of subsidiary	—	(672)	—	(672)
	22	(1,602)	(164)	(1,685)

9 FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on:				
– bank and other borrowings	67	608	218	1,345
– lease liabilities	9	8	20	10
	76	616	238	1,355

10 LOSS BEFORE INCOME TAX

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Cost of inventories recognised as expenses	18,466	81,880	36,982	152,281
Employee benefit expenses	10,561	4,971	14,582	8,655
Subcontracting fees	1,085	9,119	6,158	14,761
Amortisation of intangible assets	–	353	–	353
Depreciation				
– Property, plant and equipment	1	455	1	685
– Rights-of-use assets	47	419	94	604
Expenses relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	722	730	1,233	1,124

11 INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax and PRC enterprise income tax has been made as the Group's did not have any assessable profits for the six months ended 30 September 2021.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the six months ended 30 September 2020.

The amount of income tax expense charged to the condensed consolidated statements of profit or loss and other comprehensive income represents:

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax:				
PRC Enterprise Income Tax	—	155	—	155

12 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Loss attributable to owners of the Company (HK\$'000)	(20,364)	(11,200)	(24,857)	(14,971)
Weighted number of ordinary shares in issue ('000)	598,500	598,500	598,500	598,500
Basic loss per share (HK cents per share)	(3.40)	(1.87)	(4.15)	(2.50)

(b) Diluted

Diluted loss per share is the same as basic loss per share as there were no potential outstanding shares during the respective periods.

13 DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the six months ended 30 September 2021 (2020: nil).

14 CAPITAL EXPENDITURE

	Property, plant and equipment HK\$'000	Intangible assets – Product development costs HK\$'000
(Unaudited)		
Six months ended 30 September 2021		
Opening net book amount as at 1 April 2021	—	—
Additions	36	—
Depreciation/amortisation	(1)	—
Exchange differences	(3)	—
Closing net book amount as at 30 September 2021	32	—
(Audited)		
Year ended 31 March 2021		
Opening net book amount as at 1 April 2020	1,990	627
Additions	1,742	—
Depreciation/amortisation	(1,234)	(611)
Disposal and written off	(32)	—
Impairment	(2,566)	(50)
Exchange differences	100	34
Closing net book amount as at 31 March 2021	—	—

15 TRADE AND OTHER RECEIVABLES

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Trade receivable (<i>Note a</i>)	5,359	27,554
Prepayments	9,630	755
Value-added tax receivables	4,226	13,578
Deposits	141	143
Other receivables	2,997	2,048
Total trade and other receivables	22,353	44,078
Less: non-current portion	(625)	(136)
Current portion	21,728	43,942

Note:

- (a) The carrying amounts of trade receivable approximate their fair values

15 TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) The ageing analysis of the trade receivable based on invoice date are as follows:

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Within 30 days	3,352	11,361
31 to 60 days	379	3,626
61 to 90 days	—	5,476
91 to 180 days	1,627	6,973
Over 180 days	1	118
Total	5,359	27,554

- (b) The ageing analysis of the trade receivable based on due date are as follows:

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Currents	3,352	11,361
Within 30 days	379	3,626
31 to 60 days	—	5,476
61 to 90 days	1,021	1,023
91 to 180 days	607	6,068
Over 180 days	—	—
Amounts past due but not impaired	2,007	16,193
Total	5,359	27,554

16 INVENTORIES

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Raw materials	14,726	13,558
Work in progress	9,563	9,337
Finished goods	2,072	1,503
	26,361	24,398

The cost of inventories recognised as expenses in “cost of sales” amounted to approximately HK\$152,281,000 and HK\$36,982,000 for the six months ended 30 September 2020 and 30 September 2021, respectively.

17 LOAN RECEIVABLE

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Unsecured fixed-rate loan receivable	3,000	3,000
Less: Allowance for credit losses	(3,000)	(3,000)
	—	—

18 TRADE AND OTHER PAYABLES

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Trade payables	32,732	27,441
Accrued expenses	2,919	5,196
Other payables	14,432	4,953
	17,351	10,149
Trade and other payables	50,083	37,590

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

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Within 30 days	11,543	4,387
31 to 60 days	8,154	393
61 to 90 days	5,477	21,171
More than 90 days	7,558	1,490
	32,732	27,441

The credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

19 BORROWINGS

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Secured bank borrowings	695	9,960
Secured other borrowings	5,600	5,600
Total borrowings	6,295	15,560

Carrying amount repayable (based on scheduled repayment dates set out in loan agreements):

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Within one year	6,295	15,560
Amount shown under current liabilities	6,295	15,560

- (a) Secured bank borrowings of the Group as at 30 September 2021 and 31 March 2021 were secured by a corporate guarantee from the Company and pledged bank deposits.
- (b) On 16 July 2019, the Company entered into assignment of debt agreement with the lender to factor trade receivable with the gross carrying amount of approximately HK\$7,809,000 to lender with recourse. Subsequent to entered into assignment of debt agreement, the secured other borrowings were interest-free and will be settled upon settlement of factored trade receivable with the amounts of HK\$7,308,000 (net of allowance for credit losses).

19 BORROWINGS (CONTINUED)

(c) The weighted average effective interest rates (per annum) at the end of the respective reporting periods are as follows:

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Variable-rate borrowings effective interest rate	3.17% to 3.23%	3.17% to 3.23%

20 AMOUNT DUE TO A RELATED COMPANY

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Xinxing On Time Electronics Limited	1,286	2,281

The balances are unsecured, interest-free and repayable on demand.

21 SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.0125 each (2020: HK\$0.0125)	3,120,000	39,000
Issued and fully paid:		
Ordinary shares of HK\$0.0125 each at 31 March 2021 (audited), 1 April 2021 (unaudited) and 30 September 2021 (unaudited)	598,500	7,481

22 RELATED-PARTY TRANSACTIONS

For the purposes of these unaudited condensed consolidated interim financial statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the three months and six months ended 30 September 2020 and 30 September 2021.

(a) Transactions with related parties

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Rental expenses charged by a related company	671	521	1,192	1,007

Note:

Rental expenses charged was paid to Xinxing On Time Electronics Limited. Mr. Tam Wing Ki ("**Mr. Tam**"), the ex-director and ex-chairman of the Company, has direct interest in the relevant party. Subsequent to the resignation of the director and chairman of the Company, Mr. Tam is still acting as director of certain subsidiaries and one of the key management personnel of the Group.

22 RELATED-PARTY TRANSACTIONS (CONTINUED)

(b) Key management compensation

Key management includes directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for employee services is disclosed as follows:

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Wages, salaries and allowances	1,230	1,532	2,460	2,885
Retirement benefit costs	18	26	36	52
	1,248	1,558	2,496	2,937

23 EVENTS AFTER REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 30 September 2021 and up to the date of this interim report.

24 APPROVAL OF THE UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited interim financial statements were approved and authorised for issue by the Board on 12 November 2021.