敏捷控股
NIMBLE HOLDINGS

NIMBLE HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 186)

2019
INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Tan Bingzhao
Mr. Deng Xiangping

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lin Jinying
Dr. Lu Zhenghua
Dr. Ye Hengqing

AUDIT COMMITTEE

Dr. Lu Zhenghua *(Chairman)*
Dr. Lin Jinying
Dr. Ye Hengqing

REMUNERATION COMMITTEE

Dr. Lin Jinying *(Chairman)*
Dr. Lu Zhenghua
Dr. Ye Hengqing

NOMINATION COMMITTEE

Mr. Tan Bingzhao *(Chairman)*
Dr. Lin Jinying
Dr. Ye Hengqing

COMPANY SECRETARY

Mr. Hui Yick Lok, Francis

ASSISTANT COMPANY SECRETARY

Ms. Linda Longworth
International Managers Bermuda Ltd.

LEGAL ADVISORS

Stephenson Harwood
Johnnie Yam, Jackie Lee & Co.

AUDITOR

Moore Stephens CPA Limited

REGISTERED OFFICE

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Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

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STOCK CODE

186

COMPANY'S WEBSITE

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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大華馬施雲
會計師事務所有限公司

To the Board of Directors of
Nimble Holdings Company Limited
(Incorporated in Cayman Islands and continued in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements of Nimble Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 5 to 38, which comprise the condensed consolidated statement of financial position as of 30 September 2019, and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed consolidated interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Moore Stephens CPA Limited
Certified Public Accountants

Law Yuen Man, Ida
Practising Certificate Number: P05878

Hong Kong, 29 November 2019

INTERIM RESULTS

The board of directors (the "Board") of Nimble Holdings Company Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2019 (the "Period"), together with the comparative figures for the six months ended 30 September 2018 (the "Corresponding Period") and selected explanatory notes, are stated as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2019

	Notes	(Unaudited) Six months ended **30 September 2019 HK$ million**	30 September 2018 HK$ million
REVENUE	7	**118**	50
Cost of sales		**(88)**	(29)
Gross profit		**30**	21
Other income		**4**	30
Distribution costs		**(2)**	(2)
Administrative expenses		**(42)**	(35)
Change in fair value of financial assets at FVTPL		**–**	(1)
(LOSS)/PROFIT BEFORE TAXATION	8	**(10)**	13
Income tax (charge)/credit	9	**(3)**	17
(LOSS)/PROFIT FOR THE PERIOD		**(13)**	30

CONDENSED CONSOLIDATED INCOME STATEMENT (continued)

For the six months ended 30 September 2019

	Notes	(Unaudited) Six months ended 30 September 2019 HK$ million	30 September 2018 HK$ million
(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Company		**(9)**	32
Non-controlling interests		**(4)**	(2)
		(13)	30
(LOSS)/EARNINGS PER SHARE	11	**HK cents**	HK cents
Basic		**(0.16)**	0.58
Diluted		**(0.16)**	0.58

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Notes	(Unaudited) Six months ended 30 September 2019 HK$ million	30 September 2018 HK$ million
(LOSS)/PROFIT FOR THE PERIOD		**(13)**	30
OTHER COMPREHENSIVE LOSS, NET OF TAX:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(2)**	(1)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		**(15)**	29
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Company		**(11)**	31
Non-controlling interests		**(4)**	(2)
		(15)	29

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	(Unaudited) As at 30 September 2019 HK$ million	(Audited) As at 31 March 2019 HK$ million
NON-CURRENT ASSETS			
Plant and equipment		**1**	1
Right-of-use assets	12	**4**	–
Deferred tax assets		**3**	4
Brands and trademarks	13	**166**	166
Financial assets at FVTPL	14	**7**	7
Other assets		**1**	1
		182	179
CURRENT ASSETS			
Inventories		**21**	28
Accounts receivable	15	**74**	5
Prepayments, deposits and other receivables	16	**8**	7
Tax recoverable		**1**	1
Cash and bank balances	17	**412**	424
		516	465
CURRENT LIABILITIES			
Accounts payable	18	**58**	2
Accrued liabilities and other payables	19	**21**	13
Lease liabilities		**2**	–
Tax liabilities		**16**	14
		97	29

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 September 2019

	Notes	(Unaudited) As at 30 September 2019 HK$ million	(Audited) As at 31 March 2019 HK$ million
NET CURRENT ASSETS		**419**	436
NON-CURRENT LIABILITIES			
Lease liabilities		**2**	–
Tax liabilities		**16**	17
		18	17
NET ASSETS		**583**	598
CAPITAL AND RESERVES			
Share capital	20	**55**	55
Share premium		**386**	386
Reserves		**98**	109
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		**539**	550
NON-CONTROLLING INTERESTS		**44**	48
TOTAL EQUITY		**583**	598

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Share capital HK$ million	Share premium HK$ million	Contributed reserve HK$ million	Exchange fluctuation reserve HK$ million	Other reserve HK$ million	Accu-mulated deficits HK$ million	Equity attributable to the shareholders of the Company HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
At 1 April 2019 (audited)	**55**	**386**	**193**	**4**	**22**	**(110)**	**550**	**48**	**598**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(9)**	**(9)**	**(4)**	**(13)**
Other comprehensive loss	**–**	**–**	**–**	**(2)**	**–**	**–**	**(2)**	**–**	**(2)**
Total comprehensive loss for the period	**–**	**–**	**–**	**(2)**	**–**	**(9)**	**(11)**	**(4)**	**(15)**
At 30 September 2019 (unaudited)	**55**	**386**	**193**	**2**	**22**	**(119)**	**539**	**44**	**583**
At 1 April 2018	55	386	193	4	15	(201)	452	93	545
Profit/(loss) for the period	–	–	–	–	–	32	32	(2)	30
Other comprehensive loss	–	–	–	(1)	–	–	(1)	–	(1)
Total comprehensive income/(loss) for the period	–	–	–	(1)	–	32	31	(2)	29
Deemed acquisition of a listed subsidiary's equity interest#	–	–	–	–	2	–	2	(7)	(5)
At 30 September 2018 (unaudited)	55	386	193	3	17	(169)	485	84	569

According to repurchase program approved by the board of directors of Emerson Radio Corp. ("Emerson"), a significant subsidiary of the Company whose shares are listed on the NYSE American of the United States of America (the "USA"), during the Corresponding Period, Emerson repurchased 489,111 of its own shares for approximately HK$5 million. It resulted in an increase in the Company's interests in Emerson from approximately 66.9% as of 31 March 2018 to approximately 68.3% as of 30 September 2018 and was regarded as a deemed acquisition of additional interest in a subsidiary and recorded as equity transaction in the unaudited condensed consolidated statement of changes in equity. In June 2018, Emerson's board of directors had extended the repurchase program to 31 December 2018 at which point it ended. As at 31 March 2019, the Company's interest in Emerson was approximately 72.4% and there was no further changes of the Company's interests in Emerson during the Period.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Notes	(Unaudited) Six months ended 30 September 2019 HK$ million	30 September 2018 HK$ million
Net cash used in operating activities		**(13)**	(9)
INVESTING ACTIVITIES			
Decrease in short-term deposits with original maturities more than three months but less than one year		**222**	9
Interest received		**4**	3
Net cash generated from investing activities		**226**	12
FINANCING ACTIVITIES			
Repayment of lease liabilities		**(1)**	–
Repurchase of a listed subsidiary's equity securities		**–**	(5)
Net cash used in financing activities		**(1)**	(5)
Net increase/(decrease) in cash and cash equivalents		**212**	(2)
Cash and cash equivalents at 1 April		**201**	316
Effect of foreign exchange rate changes, net		**(1)**	–
Cash and cash equivalents at 30 September		**412**	314
Analysis of balances of cash and cash equivalents:			
Bank balances		**178**	314
Short-term deposits with original maturities within three months		**234**	–
	17	**412**	314

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. GENERAL

The Company was incorporated in the Cayman Islands and continued in Bermuda as an exempted company with limited liability under the Companies Law of Bermuda. The address of its registered office is Wessex House, 5th Floor, 45 Reid Street, Hamilton HM12, Bermuda. The principal place of business is Flat C01, 32th Floor, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong. The shares of the Company (the "Shares") are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company's immediate holding company is Wealth Warrior Global Limited ("Wealth Warrior"), a company incorporated in the British Virgin Islands. The beneficial owner and sole director of Wealth Warrior is Mr. Tan Bingzhao ("Mr. Tan"). As such, the ultimate controlling shareholder of the Company is Mr. Tan.

The Company is an investment holding company. The principal activities of the Company's major subsidiaries are holding and licensing of brands and trademarks on a worldwide basis, distribution of houseware products and audio products in the USA, the trading of household appliances in the People's Republic of China (the "PRC") and the provision of information technology system development and related services in the PRC.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars, the functional currency of the Company, and all values are rounded to the nearest million (HK$ million) unless otherwise stated.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "*Interim Financial Reporting*" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual consolidated financial statements for the year ended 31 March 2019, except for the adoption of new accounting policies as a result of the adoption of the new and amended HKFRSs as set out in note 3.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 April 2019 ("New HKFRSs") for the preparation of the Group's unaudited condensed consolidated interim financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except for HKFRS 16 "*Leases*", none of the New HKFRSs have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 replaced HKAS 17 "*Leases*" and the related interpretations, HK(IFRIC)-Int 4 "*Determining whether an Arrangement contains a Lease*", HK(SIC)-Int 15 "*Operating Leases – Incentives*", and HK(SIC)-Int 27 "*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*". It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (continued)

(i) New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components as a single lease component.

(ii) As a lessee

The Group has lease contracts for various items of properties. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for the exemption of the short-term lease. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases, i.e. leases that at the commencement date have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with the short-term leases as an expense on a straight-line basis over the lease term.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (continued)

(ii) As a lessee (continued)

(a) Significant accounting policies

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (continued)

(ii) As a lessee (continued)

(b) Impacts on transition

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019.

The right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the unaudited condensed consolidated statement of financial position immediately before 1 April 2019. The Group elected to present the right-of-use assets separately in the unaudited condensed consolidated statement of financial position.

The Group applied the following practical expedients on transition to HKFRS 16 for those leases which were previously classified as operating leases under HKAS 17:

– Applied the recognition exemption for leases for which the lease term ends within 12 months of the date of initial application of HKFRS 16, i.e. where the lease term ending on or before 31 March 2020

– When measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 March 2019 as an alternative to performing an impairment review

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (continued)

(iii) Impacts on unaudited condensed consolidated interim financial statements

The table below explains the difference between operating lease commitments disclosed at 31 March 2019 by applying HKAS 17 and lease liabilities recognised at 1 April 2019 by applying HKFRS 16:

	HK$ million
Operating lease commitment at 31 March 2019	7
Less:	
Leases end within 12 months from the date of initial application	(1)
Operating lease liabilities before discounting at 31 March 2019	6
Effect from discounting at incremental borrowing rate at 1 April 2019*	(1)
Lease liabilities recognised as at 1 April 2019	5
Analysed as:	
– Current lease liabilities	2
– Non-current lease liabilities	3
	5

* The weighted average incremental borrowing rate was 4.42%.

Under the transition methods chosen, the Group has adopted the modified retrospective approach to recognise cumulative effect of the initial application of HKFRS 16 as an adjustment to the opening balance at 1 April 2019. Comparative information has not been restated. Line items that were not affected by the changes have not been included in the following table. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The following table gives a summary of the opening balance adjustments recognised for the line items in the unaudited condensed consolidated statement of financial position that have been impacted by HKFRS 16:

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (continued)

(iii) Impacts on unaudited condensed consolidated interim financial statements (continued)

	At 31 March 2019, in accordance with HKAS 17 HK$ million (audited)	Impact of initial application of HKFRS 16 HK$ million (unaudited)	At 1 April 2019, in accordance with HKFRS 16 HK$ million (unaudited)
Right-of-use assets	–	5	5
Total non-current assets	**179**	**5**	**184**
Lease liabilities	–	2	2
Total current liabilities	**29**	**2**	**31**
Lease liabilities	–	3	3
Total non-current liabilities	**17**	**3**	**20**

During the six months ended 30 September 2019, the Group recognised the depreciation charges of approximately HK$972,000 and interest costs of approximately HK$107,000 in relation to those leases under HKFRS 16.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the unaudited condensed consolidated interim financial statements requires the management to make judgments, 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 the unaudited condensed consolidated interim financial statements, the critical accounting judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that were applied to the audited consolidated financial statements for the year ended 31 March 2019, except for those related to the application of HKFRS 16.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

5. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

The unaudited condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2019.

There have been no significant changes in the policies on how to mitigate these risks since the year ended 31 March 2019.

6. SEGMENT INFORMATION

The Group currently organises its operations into the following reportable and operating segments.

Operating segments	Principal activities
Emerson	Distribution of houseware products and audio products and licensing business – Comprising a group listed on the NYSE American of the USA
Licensing	Licensing business on a worldwide basis – Comprising the brands and trademarks of Akai, Sansui and Nakamichi
PRC's Household Appliances	Trading of household appliances, wires and cables in the PRC
PRC's Information Technology ("IT") Services	IT system development and related services in the PRC*

* In order to diversify the businesses and markets of the Group, the management of the Group commenced this new operating segment during the Period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

6. SEGMENT INFORMATION (continued)

(a) *Unaudited revenue and results of the Group by operating segments:*

For the six months ended 30 September 2019

	Emerson HK$ million	Licensing HK$ million	PRC's Household Appliances HK$ million	PRC's IT Services HK$ million	Unallocated HK$ million	Consolidated HK$ million
Revenue:						
Sale of household appliances, wires and cables to external customers	–	–	75	–	–	75
IT system development and related services to an external customer	–	–	–	4	–	4
Sale of houseware products to external customers	10	–	–	–	–	10
Sale of audio products to external customers	13	–	–	–	–	13
Licensing income from external customers	–	16	–	–	–	16
Total segment revenue	23	16	75	4	–	118
Results:						
Segment results	(15)	8	5	1		(1)
Reconciliations:						
Unallocated corporate expenses					(13)	(13)
Interest income					4	4
Loss before taxation						(10)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

6. SEGMENT INFORMATION (continued)

(a) Unaudited revenue and results of the Group by operating segments: (continued)

For the six months ended 30 September 2018

	Emerson HK$ million	Licensing HK$ million	Unallocated HK$ million	Consolidated HK$ million
Revenue:				
Sale of houseware products to external customers	18	–	–	18
Sale of audio products to external customers	18	–	–	18
Licensing income from external customers	1	13	–	14
Total segment revenue	37	13	–	50
Results:				
Segment results	(12)	6		(6)
Reconciliations:				
Unallocated corporate expenses			(10)	(10)
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")			(1)	(1)
Write back of accrued liabilities			27	27
Interest income			3	3
Profit before taxation				13

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

6. SEGMENT INFORMATION (continued)

(b) Assets and liabilities of the Group by operating segments:

	Emerson HK$ million	Licensing HK$ million	PRC's Household Appliances HK$ million	PRC's IT Services HK$ million	Unallocated HK$ million	Inter-segment elimination HK$ million	Consolidated HK$ million
As at 30 September 2019 (unaudited)							
Reportable segment assets	520	1,208	76	5	124	(1,235)	698
Reportable segment liabilities	586	1,455	61	–	34	(2,021)	115
As at 31 March 2019 (audited)							
Reportable segment assets	532	1,186	4	–	146	(1,224)	644
Reportable segment liabilities	583	1,427	2	–	33	(1,999)	46

(c) Geographical segments:

	(Unaudited) Six months ended	
	30 September 2019 **HK$ million**	30 September 2018 HK$ million
Revenue:		
PRC	**79**	–
Asia (exclude PRC)	**15**	11
North America		
– USA and Canada	**23**	36
Europe	**1**	3
Total	**118**	50

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

7. REVENUE

Revenue represents the net invoiced value of goods sold after allowances for returns and trade discounts, licensing income from the Group's brands and trademarks, and IT system development and related services, but excludes intra-group transactions.

An analysis of the Group's revenue from contracts with customers, by principal activities and by timing of recognition of revenue, for the Period is as follows:

	(Unaudited) Six months ended	
	30 September 2019 HK$ million	30 September 2018 HK$ million
By principal activities:		
Sale of goods – a point in time	**98**	36
Licensing income – a point in time	**16**	14
IT system development and related services – a point in time	**4**	–
	118	50

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

8. (LOSS)/PROFIT BEFORE TAXATION

The (loss)/profit before taxation is arrived at after charging/(crediting):

	Note	(Unaudited) Six months ended 30 September 2019 HK$ million	30 September 2018 HK$ million
(a) Staff costs			
Directors' and Chief Executive Officer's emoluments		**3**	6
Other staff costs:			
– Salaries and other benefits		**20**	13
– Retirement benefits costs		**2**	1
		25	20
(b) Other items			
Operating lease rentals in respect of land and buildings		**–**	3
Depreciation of right-of-use assets		**1**	–
Auditor's remuneration – current period		**1**	1
Carrying amount of inventories sold		**79**	29
Change in fair value of financial assets at FVTPL		**–**	1
Expected credit loss allowance on accounts receivable	15	**2**	–
Write back of accrued liabilities		**–**	(27)
Interest income		**(4)**	(3)
Interest on lease liabilities		**–***	–

* The amount is less than HK$1 million.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

9. INCOME TAX (CHARGE)/CREDIT

No Hong Kong profits tax has been provided for the Period/Corresponding Period in the unaudited condensed consolidated interim financial statements as there are no assessable profits arising in Hong Kong during both the periods ended 30 September 2019 and 2018.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	(Unaudited) Six months ended	
	30 September 2019 HK$ million	30 September 2018 HK$ million
Current tax – Overseas	**(2)**	1
Over provision in prior period – Overseas (Note (i))	**–**	17
Deferred tax – Overseas	**(1)**	(1)
Income tax (charge)/credit	**(3)**	17

Note (i)

The written back of over-provision amounting to HK$17 million during the Corresponding Period was mainly attributable to the strike-off of Sansui Sales Pte. Limited, a former associate corporation of the Company.

10. DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (the Corresponding Period: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

11. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share:

The calculation of basic (loss)/earnings per share is based on the following data:

	(Unaudited) Six months ended	
	30 September 2019 HK$ million	30 September 2018 HK$ million
(Loss)/profit attributable to the shareholders of the Company used in the basic (loss)/earnings per share calculation	**(9)**	32

	30 September 2019 Number of ordinary shares million	30 September 2018 Number of ordinary shares million
Shares:		
Weighted average number of ordinary shares for the purposes of calculating basic (loss)/earnings per share	**5,492.2**	5,492.2

(b) Diluted (loss)/earnings per share:

Diluted (loss)/earnings per share equals basic (loss)/earnings per share as the Company has no potential ordinary shares in existence during both the periods ended 30 September 2019 and 2018.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

12. RIGHT-OF-USE ASSETS

	Properties
	HK$ million
Cost	
At 31 March 2019 (audited)	–
Impact on initial application of HKFRS 16 (note 3(iii))	5
At 1 April 2019 (unaudited)	5
Exchange realignment	–*
At 30 September 2019 (unaudited)	5
Accumulated depreciation	
At 31 March 2019 (audited) and 1 April 2019 (unaudited)	–
Depreciation for the period	(1)
Exchange realignment	–*
At 30 September 2019 (unaudited)	(1)
Net carrying amount	
At 1 April 2019	5
At 30 September 2019 (unaudited)	4

* The amount is less than HK$1 million.

Upon the initial application of HKFRS 16 as at 1 April 2019, operating lease commitments related to properties were remeasured and recognised as adjustments to right-of-use assets immediately after the date of initial application (note 3(iii)).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

13. BRANDS AND TRADEMARKS

	(Unaudited) 30 September 2019 HK$ million	(Audited) 31 March 2019 HK$ million
Gross amount		
At 1 April	**2,026**	2,026
Foreign currency adjustment	**(2)**	–
At 30 September/31 March	**2,024**	2,026
Accumulated amortisation and impairment		
At 1 April	**1,860**	1,766
Foreign currency adjustment	**(2)**	–
Impairment loss recognised during the Period/year ended 31 March 2019 ("Corresponding Year")	**–**	94
At 30 September/31 March	**1,858**	1,860
Carrying amount at 30 September/31 March	**166**	166

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

13. BRANDS AND TRADEMARKS (continued)

Brands and trademarks are allocated to the Group's cash-generating units identified according to operating segments as follows:

	(Unaudited) 30 September 2019 HK$ million	(Audited) 31 March 2019 HK$ million
Emerson	**24**	24
Licensing		
Akai	**82**	82
Nakamichi	**41**	41
Sansui	**19**	19
Sub-total	**142**	142
Total	**166**	166

As there were no significant changes to the operation of the Group's licensing business for the Period, the directors of the Company (the "Directors") do not expect there to be any significant changes to the carrying amounts of the brands and trademarks as of 30 September 2019.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

14. FINANCIAL ASSETS AT FVTPL

	(Unaudited) 30 September 2019 HK$ million	(Audited) 31 March 2019 HK$ million
Unlisted equity securities	**7**	7

Unlisted equity securities as of 30 September 2019 are carried at fair value based on adjusted net asset value method.

15. ACCOUNTS RECEIVABLE

The Group allows an average credit period of 30 to 90 days to its trade customers.

	(Unaudited) 30 September 2019 HK$ million	(Audited) 31 March 2019 HK$ million
Gross amount	**77**	6
Less: allowance for doubtful debts	**(3)**	(1)
Net amount	**74**	5

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

15. ACCOUNTS RECEIVABLE (continued)

The following are the movements of expected credit loss allowance of accounts receivable during the Period/Corresponding Year:

	(Unaudited) 30 September 2019 HK$ million	(Audited) 31 March 2019 HK$ million
At the beginning of the Period/Corresponding Year	**1**	2
Written off	**–**	(1)
Allowance during the Period/Corresponding Year	**2**	–
Exchange difference	**–***	–*
Net amount	**3**	1

* The amount is less than HK$1 million

The Directors consider that the carrying amounts of accounts receivable approximate to their fair values.

The ageing analysis of accounts receivable (net of allowance for doubtful debts) is presented based on the invoice dates as follows:

	(Unaudited) 30 September 2019 HK$ million	(Audited) 31 March 2019 HK$ million
0 – 3 months	**74**	5

Before accepting any new customers, the management assesses the potential customer's credit quality with reference to the customer's reputation and market standing and defines the credit limits accordingly. Continuity of the credit limits to the customers is reviewed by the management as and when necessary.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	(Unaudited) 30 September 2019 HK$ million	(Audited) 31 March 2019 HK$ million
Prepayments (Note (i))	**7**	6
Deposits	**1**	1
Other receivables	**–***	–*
	8	7

* The amount is less than HK$1 million.

Note (i)

Included in prepayments are deposits for subsequent purchases advanced to suppliers amounting to approximately HK$3.3 million as of the end of reporting period (Corresponding Year: approximately HK$3.3 million). These deposits were non-interest bearing and covered 0 – 3 months of purchases.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

17. CASH AND BANK BALANCES

	(Unaudited) 30 September 2019 HK$ million	(Audited) 31 March 2019 HK$ million
Bank balances	**178**	125
Short-term deposits with original maturities within three months	**234**	76
Cash and cash equivalents in the condensed consolidated statement of cash flows	**412**	201
Short-term deposits with original maturities more than three months but less than one year	**–**	223
	412	424

18. ACCOUNTS PAYABLE

The ageing analysis of accounts payable is as follows:

	(Unaudited) 30 September 2019 HK$ million	(Audited) 31 March 2019 HK$ million
0 – 3 months	**58**	2

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

19. ACCRUED LIABILITIES AND OTHER PAYABLES

	(Unaudited) 30 September 2019 HK$ million	(Audited) 31 March 2019 HK$ million
Accrued expenses	**7**	8
Contract liabilities (Note (i))	**10**	2
Other payables	**4**	3
	21	13

Note (i)

Contract liabilities represent the Group's obligations to transfer goods or services to its customers for which the Group has received consideration from the customers, before the Group transfers the goods or services to the customers.

20. SHARE CAPITAL

	Number of shares '000	Share capital HK$ million
Authorised share capital:		
Ordinary shares of HK$0.01 each at 30 September 2019 and 31 March 2019	20,000,000	200
Issued and fully paid share capital:		
Ordinary shares of HK$0.01 each at 30 September 2019 and 31 March 2019	5,492,233	55

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

21. CONTINGENT LIABILITIES

Except for the case set out below, the Group did not have significant contingent liabilities as at 30 September 2019 and up to the date of this report.

In an order made by the High Court of Hong Kong Special Administrative Region (the "High Court") on 9 May 2016 in respect of case HCCW 177/2011, the Company is required to:

(i) indemnify and keep indemnified the former provisional liquidators in the event that the funds paid into court are insufficient to meet the taxed fees and expenses of the former provisional liquidators; and

(ii) indemnify and keep indemnified Mr. Fok Hei Yu and FTI Consulting (Hong Kong) Limited in respect of the costs of the defence of proceedings HCA 92/2014 ("the Action"), subject to the final determination of the Action. HCA 92/2014 is a legal case filed in January 2014 in the High Court by Sino Bright Enterprises Co., Ltd. against Mr. Fok Hei Yu and FTI Consulting (Hong Kong) Limited for alleged misrepresentation and the case is ongoing.

As at the date of this report, the Company has received no such requests for the related fees, costs and expenses.

The management is of the view that no provision is necessary for the matter described above, after having considered the merits.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

22. FAIR VALUE MEASUREMENT

Financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurements, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

	Fair value measurement at 30 September 2019 using Level 3 HK$ million	Fair value measurement at 31 March 2019 using Level 3 HK$ million
Recurring fair value measurement		
Financial assets:		
Financial assets at FVTPL		
– Unlisted equity securities	**7**	7

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

22. FAIR VALUE MEASUREMENT (continued)

Details of information about Level 3 fair value measurements are as follows:

Financial instruments	Valuation technique	Significant unobservable input
Unlisted equity securities	Adjusted net asset approach	(1) Net asset value (2) Adjustments to book value of underlying assets not measured at fair value

The management of the Group is responsible for determining the appropriate valuation techniques and inputs for fair value measurements. The management of the Group regularly reports to the Board in relation to the fair value measurements of the aforesaid financial assets.

The methods and valuation techniques used for the purpose of measuring fair values categorised in Level 3 are unchanged.

During the Period, there is no significant movement for the balance of Level 3 fair value measurements.

23. TRANSACTION SUBSEQUENT TO THE REPORTING PERIOD

As at 1 August 2019, Guangzhou Ruihua Property Development Company Limited*（廣州市瑞華物業發展有限公司）("Guangzhou Ruihua"), an indirect wholly-owned subsidiary of the Company, entered into a capital increase agreement with Guangzhou Minjie Real Estate Development Co., Ltd.*（廣州市敏捷房地產開發有限公司）("Guangzhou Minjie") and Changsha Ningxiang Minjun Real Estate Development Co., Ltd.*（長沙市寧鄉敏駿房地產開發有限公司）("Changsha Minjun") (the "Capital Increase Agreement"). Pursuant to the Capital Increase Agreement, Guangzhou Ruihua has conditionally agreed to make a capital contribution in the sum of RMB10,408,200 in cash to the registered capital of Changsha Minjun and Guangzhou Minjie will pay up the unpaid capital contribution amounting to RMB4,345,000 (the "Transaction"). The aforesaid RMB10,408,200 was regarded as a capital commitment of the Group as of 30 September 2019. Upon completion of the Transaction, the registered capital of Changsha Minjun will increase from RMB10,000,000 to RMB20,408,200, and Guangzhou Ruihua will own approximately 51% equity interest in Changsha Minjun. Details of the Transaction are set out in the circular of the Company dated 19 September 2019 (the "Circular").

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2019

23. TRANSACTION SUBSEQUENT TO THE REPORTING PERIOD (continued)

Changsha Minjun is principally engaged in property development and operation in the PRC and it owns a land situated at the west of Ningxiang Avenue, north of Tongjie Road, Jingkai District, Ningxiang City, Hunan Province, the PRC, for residential use.

As set out in the poll results announcement of the Company dated 10 October 2019, the Transaction was approved by the shareholders of the Company at the special general meeting held on 10 October 2019. As at the date of this report, the Transaction has not yet completed.

For accounting purpose, the Transaction is considered by the directors of the Company as an acquisition of a group of assets and liabilities, rather than an acquisition of a business pursuant to Hong Kong Financial Reporting Standard 3 (Revised) "*Business Combinations*". Details of the financial information of Changsha Minjun are set out in the Circular.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

30 September 2019

BUSINESS REVIEW AND PROSPECTS

The Group recorded a revenue of HK$118 million for the Period as compared to HK$50 million for the Corresponding Period, representing an increase of 136%. The increase in revenue was mainly due to (1) the additional revenue of HK$75 million generated from the trading of household appliances, wires and cables in the PRC ("PRC's household appliances business"), which commenced operation in the first quarter of 2019, (2) the revenue of HK$4 million generated from the provision of IT services in the PRC (the "PRC's IT business"), which has commenced operation during the Period, and (3) the increase in revenue generated from the licensing operation of HK$3 million as compared to the Corresponding Period, which was partially offset by the decrease in revenue generated from the distribution of houseware appliances and licensing business of Emerson (the "Emerson operation") of HK$14 million as compared to the Corresponding Period.

During the Period, the Group recorded an unaudited net loss attributable to shareholders of HK$9 million, as compared to a net profit attributable to shareholders of HK$32 million for the Corresponding Period. The difference was mainly due to the write back of accrued liabilities with former associated companies of HK$27 million in the Corresponding Period in contrast to no write back of accrued liabilities during the Period.

Set out below are the results of the Group analysed as to the Emerson operation, the licensing operation, PRC's household appliances business and the PRC's IT business.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2019

Emerson operation

Emerson, a 72.4% owned subsidiary (68.3% as at 30 September 2018) whose shares are listed on the NYSE American in the USA, generated revenue through distribution of houseware products and audio products and licensing of its brand in North America. Its major customers during the Period included Wal-Mart, Amazon.com and Fred Meyer. Revenue generated from the distribution of houseware products and audio products of Emerson for the Period was HK$23 million as compared to HK$36 million for the Corresponding Period, showing a decrease of 36.1%. The decrease in revenue was mainly due to a model discontinuation in microwave ovens by one of Emerson's key customers and the decrease in sales of clock radios. No revenue was recorded from Emerson's licensing for the Period as compared to HK$1 million for the Corresponding Period. The year-over-year decrease can be attributed to the non-renewal of one of the Emerson's licensees, which expired in December 2018.

Licensing operation

The Group also owns three internationally recognized consumer electronic brands, namely, Akai, Sansui and Nakamichi. Through licensing of these brands to independent third parties, this operation generates steady income to the Group. Revenue generated from this operation for the Period was HK$16 million as compared to HK$13 million for the Corresponding Period, representing an increase of 23.1%. The operating profit of this operation for the Period was HK$8 million as compared to HK$6 million for the Corresponding Period, representing an increase of 33.3%. Revenue and profit generated by this operation were relatively stable as compared to other operations of the Group.

As at 30 September 2019, there were a total of 31 contracts (2018: 29) in force with licensees to distribute products in the brand names of Akai, Sansui and Nakamichi around the world.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2019

PRC's household appliances business

The management considers that while continuing the development of the existing Emerson operation and the licensing operation, it is necessary for the Group to explore other business opportunities with a view to broadening the Group's revenue base going forward. Leveraging on the Group's experience in the distribution of houseware products in the USA, the Group has expanded its market in the PRC and commenced trading of household appliances in the PRC in the first quarter of 2019. A wholly owned subsidiary of the Company was incorporated in the PRC in October 2018 to set up a new household appliances trading operation. During the Period, this operation has generated a revenue of approximately HK$75 million and an operating profit of HK$5 million. The products traded in this operation mainly include household appliances, wires and cables.

PRC's IT business

In addition to the setup of the household appliances trading operation in the PRC, the Group has also commenced the provision of IT services in the PRC since the second quarter of 2019 through its newly established subsidiary. The principal business scope of this operation is to provide IT system development and related services to enhance customers' competitiveness through big data analysis, online and offline integration development as well as advancement of internetisation. During the Period, this newly established operation has generated a revenue of approximately HK$4 million and an operating profit of HK$1 million.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2019

Prospect

Due to the ongoing trade war between the USA and China, Emerson's products may be subject to additional tariffs. Although Emerson is monitoring the trade environment and working to mitigate the possible effect of tariffs with its suppliers as well as its customers through pricing and sourcing strategies, including drawing down inventory built up in advance of the recent tariff increases, Emerson cannot be certain how its customers and competitors will react. At this moment, Emerson is unable to quantify the possible effects on its costs arising from the new tariffs, which are expected to increase its inventory costs and associated costs of sales as tariffs are incurred, and some costs may be passed to its customers as product price increases in the future. However, if Emerson is unable to successfully pass the additional costs or otherwise mitigate the effects of these tariffs, or if the higher prices reduce the demand for Emerson's products, it will have a negative effect on Emerson's product sales and gross margins.

In respect of the licensing operation, the management expects that it will continue to generate steady income to the Group for the second half of the year.

Regarding the operation of PRC's household appliances business, the management expects that trading of household appliances, wires and cables will remain to be a new source of income to the Group.

The operation of the PRC's IT business was launched during the Period and produced a reasonable operating profit to the Group. Although the market is quite competitive, the management will continue to explore opportunities in this operation in order to strive for a stable income.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2019

On 1 August 2019, Guangzhou Ruihua entered into the Capital Increase Agreement with Guangzhou Minjie and Changsha Minjun, pursuant to which Guangzhou Ruihua has conditionally agreed to make a capital contribution in the sum of RMB10,408,200 in cash to the registered capital of Changsha Minjun and Guangzhou Minjie will pay up the unpaid capital contribution to Changsha Minjun amounting to RMB4,345,000. The aforesaid RMB10,408,200 was regarded as a capital commitment of the Group as of 30 September 2019. Upon completion of the Transaction, Guangzhou Ruihua and Guangzhou Minjie will directly own approximately 51% and 49% equity interests of Changsha Minjun respectively. Details of the Transaction are set out in the Circular. The Company obtained independent shareholders' approval on the Transaction on 10 October 2019.

Changsha Minjun is principally engaged in property development and operation in the PRC and it owns a land comprising of a site area of 49,502.99 sq.m. in Ningxiang, Hunan. It is expected to build an estimated gross floor area of approximately 193,000 sq.m. for residential use. As at the date of this report, Changsha Minjun has already obtained the relevant certificates to commence development and construction.

Following completion of the Transaction, which took place on 30 November 2019, the Group shall expand its principal activities to property development in the PRC. The Company believes that the Transaction will diversify the Group's business scope and strengthen and expand its source of revenue. Looking forward, while continuing the development of the Group's existing businesses, the Group will expand the scale of its property development business in the PRC so as to diversify the Group's revenue base and improve the Group's profitability in order to achieve a sustainable long-term growth in both financial and operating performance of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2019

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2019, the Group had a current ratio of approximately 5.32 (16.03 as at 31 March 2019).

As at 30 September 2019, the Group had HK$412 million cash and bank balances (HK$424 million as at 31 March 2019). The Group's working capital requirements were mainly financed by internal resources.

The Group had inventories of approximately HK$21 million as at 30 September 2019 (HK$28 million as at 31 March 2019).

As at 30 September 2019, the Group had net current assets of HK$419 million as compared to net current assets of HK$436 million as at 31 March 2019.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

Other than the Transaction (details of the Transaction are set out in the Circular), the Group did not make any other material acquisition and disposal of subsidiaries and affiliated companies during the Period.

MATERIAL EVENTS AFTER THE PERIOD

On 30 November 2019, the Transaction was completed. Following the completion, the registered capital of Changsha Minjun increased from RMB10,000,000 to RMB20,408,200 and the Company indirectly owns approximately 51% equity interest in Changsha Minjun and Changsha Minjun became an indirect non-wholly owned subsidiary of the Company. The financial results of Changsha Minjun shall be consolidated into the accounts of the Group.

SIGNIFICANT INVESTMENT

Other than the Capital Increase Agreement as mentioned above, the Group did not enter into any new significant investment during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2019

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Other than the Capital Increase Agreement as mentioned above, the Group does not have any concrete plan for material investments or capital assets for the coming 12 months from the date of this report.

GEARING RATIO

As the Group does not have any interest bearing debts, both the gearing ratio as at 30 September 2019 and 31 March 2019 were nil.

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in note 21.

CHARGES ON GROUP ASSETS

As at 30 September 2019, no assets were pledged to secure other borrowing facilities for the Group (as at 31 March 2019: nil).

TREASURY POLICIES

The Group's revenues are mainly in US dollars and RMB. Since the HK dollar is linked with the US dollar, the Group is not exposed to significant currency risks in transaction dealt in US dollars. However, for transaction dealt in RMB, the Group will be exposed to foreign currency risks. The Group has not engaged in any particular hedge against foreign currency risks. The Group will closely monitor and manage its foreign currency exposure and to make use of appropriate measures when required.

EMPLOYEES AND REMUNERATION POLICIES

The number of employees of the Group as at 30 September 2019 was 73 (53 as at 31 March 2019). The Group remunerates its employees mainly based on industry practice, individual performance and experience. Apart from the basic remuneration, a discretionary bonus may be granted to eligible employees by reference to the Group's performance as well as to an individual's performance in the relevant financial year. Other benefits include medical and retirement schemes.

OTHER INFORMATION

30 September 2019

DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the Period (the Corresponding Period: nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2019, the interests or short positions of the Directors or chief executive of the Company in 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 (the "SFO")) as recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

		Number of shares held				Percentage of
Name of Director	Nature of interests	Corporate interests	Note	Other interests	Note	total issued shares
Mr. Tan	Long position	3,616,712,779	(i)	439,180,000	(ii)	73.85%

(i) As at 30 September 2019, the total number of issued shares of the Company was 5,492,232,889.

(ii) The 3,616,712,779 shares in which Mr. Tan is deemed to hold interests under the SFO are the shares held by Wealth Warrior, which is wholly-owned by Mr. Tan.

(iii) The 439,180,000 shares are owned by Merchant Link Holdings Limited and Rise Vision Global Limited, each of which holds 219,590,000 shares and they are indirectly owned by a discretionary trust. Mr. Tan is a director of both Merchant Link Holdings Limited and Rise Vision Global Limited and is the settlor and a discretionary beneficiary of the discretionary trust. In this respect, Mr. Tan is deemed to hold interests of these shares under the SFO.

Save as disclosed above, none of the Directors or chief executive of the Company or any of their associates had or were deemed to hold, any interests or short position in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 September 2019.

OTHER INFORMATION (continued)

30 September 2019

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2019, so far as known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had 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 ordinary shares of HK$0.01 each of the Company (the "Shares")

Name of Shareholder	Capacity	Number of Shares held/ interested	Approximate percentage of shareholding
Wealth Warrior	Beneficial owner	3,616,712,779 (L)	65.85%
Sino Bright Enterprises Co. Ltd. ("Sino Bright")	Beneficial owner and person having a security interest in shares	1,023,463,423 (L) (Note 1)	18.63%
Accolade (PTC) Inc. ("Accolade")	Trustee	1,428,573,488 (L) (Note 1, 2)	26.01%
Airwave Capital Limited ("Airwave")	Interest of controlled corporation	405,088,388 (L) (Note 3)	7.38%
Barrican Investments Corporation ("Barrican")	Beneficial owner, Interest of controlled corporation	405,088,388 (L) (Note 2, 4)	7.38%
Splendid Brilliance (PTC) Limited ("Splendid Brilliance")	Trustee	439,180,000 (L) (Note 5)	8.00%

* The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such shares.

OTHER INFORMATION (continued)

30 September 2019

Notes:

(1) Sino Bright owns 23,463,423 Shares, representing approximately 0.42% of the total issued share capital of the Company. Sino Bright is deemed to be interested in 1,000,000,000 Shares pursuant to the legal charge under the share mortgage dated 26 September 2017 in favour of Sino Bright (as mortgagee) granted by Wealth Warrior (as mortgagor) as security for the deferred consideration of HK$587,851,913 under the sale and purchase agreement dated 22 September 2017 between Sino Bright (as vendor) and Wealth Warrior (as purchaser).

(2) Accolade is deemed to have interests in 1,428,573,488 Shares as the trustee to the discretionary trust which owns the entire issued share capital of The Ho Family Trust Limited ("The Ho Family Trust"). The Ho Family Trust directly holds 15,939 Shares. The Ho Family Trust is deemed to be interested in the Shares held by Barrican McVitie Capital Limited ("McVitie"), Grosvenor Fair Limited and Sino Bright, which are wholly-owned subsidiaries of The Ho Family Trust and directly hold 335,042,717 Shares, 70,045,671 Shares, 5,738 Shares and 1,023,463,423 Shares, respectively.

(3) Barrican is a wholly owned subsidiary of Airwave and owns a 100% interest in McVitie. Accordingly, Airwave is deemed to be interested in the Shares held by Barrican and McVitie.

(4) McVitie is a wholly owned subsidiary of Barrican. Accordingly, Barrican is deemed to be interested in the Shares held by McVitie.

(5) Splendid Brilliance, being a party acting in concert with Wealth Warrior, is deemed to have interests in 439,180,000 Shares as the trustee to the discretionary trust which indirectly owns the entire issued share capital of Merchant Link Holdings Limited and Rise Vision Global Limited, each of which holds 219,590,000 Shares. Mr. Tan is a director of both Merchant Link Holdings Limited and Rise Vision Global Limited and is the settlor and a discretionary beneficiary of the discretionary trust. Ms. He Guichai is the sole director and sole shareholder of Splendid Brilliance.

Save as disclosed above, as at 30 September 2019, none of the Directors or chief executive of the Company was aware of any other person (other than the Directors or chief executive of the Company) or corporation who had an interest or short position in the shares or underlying shares of the Company which were required to be recorded in the register kept by the Company under section 336 of the SFO.

OTHER INFORMATION (continued)

30 September 2019

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

Neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE PRACTICES

The Directors confirmed that the Company has complied with all principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Listing Rules during the Period, except for the code provisions of the CG Code as noted hereunder.

Under code provision A.2.1 of the Code, the roles of the chairman of the Board (the "Chairman") and the chief executive officer ("CEO") should be separate and should not be performed by the same individual. However, since the appointment of Mr. Tan as a Director on 2 December 2017, he was also appointed as the Chairman and CEO of the Company.

The Board has considered that the non-segregation would not result in concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors. Specific enquiry has been made of the Directors and all of them have confirmed that they have complied with the required standards as set out in the Model Code during the Period.

OTHER INFORMATION (continued)

30 September 2019

CHANGES IN DIRECTORS' INFORMATION

During the Period, there is no change in information of the Directors since the publication of the 2018/19 annual report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF INTERIM FINANCIAL REPORT

The audit committee of the Company has reviewed and confirmed with the management of the Company the unaudited condensed consolidated results of the Group for the Period and the Corresponding Period, the accounting principles and practices adopted by the Group, and discussed risk management, internal controls and financial reporting matters. At the request of the Directors, the Company's external auditor, Moore Stephens CPA Limited, has carried out a review of the said unaudited condensed consolidated interim financial statements in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

By order of the Board
Nimble Holdings Company Limited
Tan Bingzhao
Chairman

Hong Kong, 29 November 2019