



# 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)



# 2020

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

Wessex House, 5th Floor  
45 Reid Street  
Hamilton HM 12, Bermuda

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat C01, 32/F, TML Tower  
3 Hoi Shing Road  
Tsuen Wan  
New Territories  
Hong Kong

### SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### STOCK CODE

186

### COMPANY'S WEBSITE

[www.nimbleholding.com](http://www.nimbleholding.com)

## REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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**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 2020, 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, 30 November 2020

## 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 2020 (the “Period”), together with the comparative figures for the six months ended 30 September 2019 (the “Corresponding Period”) and selected explanatory notes, are stated as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2020

		<b>(Unaudited)</b>	
		<b>Six months ended</b>	
		<b>30 September</b>	30 September
		<b>2020</b>	2019
	Notes	<b>HK\$ million</b>	HK\$ million
REVENUE	7	<b>78</b>	118
Cost of sales		<b>(58)</b>	(88)
Gross profit		<b>20</b>	30
Other income		<b>4</b>	4
Selling and distribution costs		<b>(13)</b>	(2)
Administrative expenses		<b>(43)</b>	(42)
LOSS BEFORE TAXATION	8	<b>(32)</b>	(10)
Income tax charge	9	<b>(2)</b>	(3)
LOSS FOR THE PERIOD		<b>(34)</b>	(13)

**CONDENSED CONSOLIDATED INCOME STATEMENT (continued)**

For the six months ended 30 September 2020

		<b>(Unaudited)</b>	
		<b>Six months ended</b>	
	Notes	<b>30 September 2020 HK\$ million</b>	30 September 2019 HK\$ million
LOSS FOR THE PERIOD			
ATTRIBUTABLE TO:			
Shareholders of the Company		<b>(23)</b>	(9)
Non-controlling interests		<b>(11)</b>	(4)
		<b>(34)</b>	(13)
LOSS PER SHARE	11	<b>HK cents</b>	HK cents
Basic		<b>(0.42)</b>	(0.16)
Diluted		<b>(0.42)</b>	(0.16)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2020

	(Unaudited)	
	Six months ended	
Notes	30 September 2020 HK\$ million	30 September 2019 HK\$ million
LOSS FOR THE PERIOD	(34)	(13)
OTHER COMPREHENSIVE INCOME/(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	(2)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(32)	(15)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO:		
Shareholders of the Company	(21)	(11)
Non-controlling interests	(11)	(4)
	(32)	(15)



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

		(Unaudited) As at 30 September 2020 HK\$ million	(Audited) As at 31 March 2020 HK\$ million
	Notes		
NON-CURRENT ASSETS			
Plant and equipment		1	1
Right-of-use assets	12	4	5
Deferred tax assets		1	1
Brands and trademarks	13	68	68
Financial assets at FVTPL	14	6	6
Other assets		1	1
		<b>81</b>	82
CURRENT ASSETS			
Inventories		17	15
Properties under development	15	341	266
Contract acquisition costs		2	–
Accounts receivable	16	42	46
Prepayments for acquisition of land use rights	17	460	–
Prepayments, deposits and other receivables	18	139	10
Tax recoverable		1	1
Cash and bank balances	19	873	447
		<b>1,875</b>	785
CURRENT LIABILITIES			
Accounts payable	20	88	81
Contract liabilities	21	125	28
Accrued liabilities and other payables	22	14	12
Interest-bearing bank loan	23	2	–
Amount due to a related party	24	990	–
Lease liabilities		2	3
Tax liabilities		17	19
		<b>1,238</b>	143

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 September 2020

		(Unaudited) As at 30 September 2020 HK\$ million	(Audited) As at 31 March 2020 HK\$ million
	Notes		
NET CURRENT ASSETS		637	642
NON-CURRENT LIABILITIES			
Amounts due to related parties	24	239	213
Deferred tax liabilities		1	—*
Tax liabilities		14	15
Lease liabilities		2	2
		256	230
NET ASSETS		462	494
CAPITAL AND RESERVES			
Share capital	25	55	55
Share premium		386	386
(Deficit in reserves)/reserves		(5)	16
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		436	457
NON-CONTROLLING INTERESTS		26	37
TOTAL EQUITY		462	494

\* The amount is less than HK\$1 million.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Share capital HK\$ million	Share premium HK\$ million	Contributed reserve** HK\$ million	Statutory reserve** HK\$ million	Exchange fluctuation reserve** HK\$ million	Other reserve** HK\$ million	Accumulated 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 2020	55	386	193	1	(2)	22	(198)	457	37	494
Loss for the period	-	-	-	-	-	-	(23)	(23)	(11)	(34)
Other comprehensive income	-	-	-	-	2	-	-	2	-	2
Total comprehensive income/(loss) for the period	-	-	-	-	2	-	(23)	(21)	(11)	(32)
At 30 September 2020 (unaudited)	55	386	193	1	-	22	(221)	436	26	462
At 1 April 2019	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

\*\* These accounts comprise deficit in reserves of approximately HK\$5 million (30 September 2019: reserves of approximately HK\$98 million) in the condensed consolidated statement of financial position.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 September 2020

		<b>(Unaudited)</b>	
		<b>Six months ended</b>	
	Notes	<b>30 September 2020 HK\$ million</b>	30 September 2019 HK\$ million
<b>OPERATING ACTIVITIES</b>			
Operating cash flows before movements in working capital		<b>(34)</b>	(11)
Increase in properties under development		<b>(60)</b>	–
Increase in prepayments, deposits and other receivables		<b>(129)</b>	(1)
Increase in prepayments for acquisition of land use rights		<b>(460)</b>	–
Increase in restricted bank deposits		<b>(13)</b>	–
Other movements in working capital		<b>106</b>	–
		<hr/>	<hr/>
Cash used in operations		<b>(590)</b>	(12)
PRC and overseas profits tax paid		<b>(5)</b>	(1)
		<hr/>	<hr/>
Net cash used in operating activities		<b>(595)</b>	(13)
		<hr/>	<hr/>
<b>INVESTING ACTIVITIES</b>			
Decrease in short-term deposits with original maturities more than three months but less than one year		<b>24</b>	222
Interest received		<b>1</b>	4
		<hr/>	<hr/>
Net cash generated from investing activities		<b>25</b>	226
		<hr/>	<hr/>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

For the six months ended 30 September 2020

		<b>(Unaudited)</b>	
		<b>Six months ended</b>	
	Notes	<b>30 September 2020 HK\$ million</b>	30 September 2019 HK\$ million
<b>FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		<b>(1)</b>	(1)
Increase in amounts due to related parties		<b>1,003</b>	—
Proceed of interest-bearing bank loan		<b>2</b>	—
Net cash generated from/(used in) financing activities		<b>1,004</b>	(1)
Net increase in cash and cash equivalents		<b>434</b>	212
Cash and cash equivalents at 1 April		<b>201</b>	201
Effect of foreign exchange rate changes, net		<b>2</b>	(1)
Cash and cash equivalents at 30 September		<b>637</b>	412
Analysis of balances of cash and cash equivalents:			
Bank balances		<b>614</b>	178
Short-term deposits with original maturities within three months		<b>23</b>	234
	19	<b>637</b>	412

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2020

### 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 United States of America (the “USA”), and the trading of household appliances, provision of information technology (“IT”) services and property development in the People’s Republic of China (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 2020, 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 2020, 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 2020

### 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 2020 ("New HKFRSs") for the preparation of the Group's unaudited condensed consolidated interim financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

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.

### 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 2020.

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

For the six months ended 30 September 2020

### 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 2020.

There have been no significant changes in the policies on how to mitigate these risks since the year ended 31 March 2020.

### 6. SEGMENT INFORMATION

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

Operating segments	Principal activities
PRC's Property Development	Property development and operation in the PRC
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 IT Services	IT system development and related services in the PRC



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

For the six months ended 30 September 2020

### 6. SEGMENT INFORMATION (continued)

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

*For the six months ended 30 September 2020*

	PRC's Property Development HK\$ million	Emerson HK\$ million	Licensing HK\$ million	PRC's Household Appliances HK\$ million	PRC's IT Services HK\$ million	Unallocated HK\$ million	Consolidated HK\$ million
<b>Revenue:</b>							
Sale of household appliances, wires and cables to external customers	-	-	-	43	-	-	43
Sale of houseware products to external customers	-	12	-	-	-	-	12
Sale of audio products to external customers	-	15	-	-	-	-	15
Licensing income from external customers	-	-	8	-	-	-	8
<b>Total segment revenue</b>	<b>-</b>	<b>27</b>	<b>8</b>	<b>43</b>	<b>-</b>	<b>-</b>	<b>78</b>
<b>Results:</b>							
Segment results	(14)	(17)	-	5	-		(26)
<b>Reconciliations:</b>							
Unallocated corporate expenses						(9)	(9)
Expected credit loss reversal on accounts receivable				2			2
Interest income						1	1
<b>Loss before taxation</b>							<b>(32)</b>

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

For the six months ended 30 September 2020

### 6. SEGMENT INFORMATION (continued)

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

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
<b>Revenue:</b>						
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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total segment revenue	23	16	75	4	–	118
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Results:</b>						
Segment results	(15)	8	7	1		1
	<hr/>	<hr/>	<hr/>	<hr/>		
<b>Reconciliations:</b>						
Unallocated corporate expenses					(13)	(13)
Expected credit loss allowance on accounts receivable			(2)			(2)
Interest income					4	4
					<hr/>	<hr/>
Loss before taxation						(10)
						<hr/>

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

For the six months ended 30 September 2020

### 6. SEGMENT INFORMATION (continued)

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

	PRC's Property Development HK\$ million	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
<b>As at 30 September 2020 (unaudited)</b>								
Reportable segment assets	1,422	459	1,106	56	7	129	(1,223)	1,956
Reportable segment liabilities	1,421	583	1,447	35	–	34	(2,026)	1,494
<b>As at 31 March 2020 (audited)</b>								
Reportable segment assets	299	474	1,128	55	8	143	(1,240)	867
Reportable segment liabilities	283	580	1,473	39	1	36	(2,039)	373

#### (c) Geographical segments:

	<b>(Unaudited)</b> <b>Six months ended</b>	
	<b>30 September 2020 HK\$ million</b>	<b>30 September 2019 HK\$ million</b>
<b>Revenue:</b>		
PRC	<b>43</b>	79
Asia (exclude PRC)	<b>5</b>	15
North America		
– USA and Canada	<b>27</b>	23
Europe	<b>3</b>	1
	<hr/>	<hr/>
Total	<b>78</b>	118
	<hr/>	<hr/>

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

For the six months ended 30 September 2020

### 7. REVENUE

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 2020 HK\$ million	30 September 2019 HK\$ million
By principal activities:		
Sale of goods	70	98
Licensing income	8	16
IT system development and related services	–	4
	<hr/>	<hr/>
	78	118
	<hr/>	<hr/>

Revenue from the above mentioned principal activities were recognised on "point in time" basis.

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

For the six months ended 30 September 2020

### 8. LOSS BEFORE TAXATION

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

	(Unaudited)	
	Six months ended	
	30 September 2020	30 September 2019
	HK\$ million	HK\$ million
<b>(a) Staff costs</b>		
Directors' and Chief Executive Officer's emoluments	3	3
Other staff costs:		
– Salaries and other benefits	19	20
– Retirement benefits costs	2	2
Less: amount capitalised in properties under development	(–*)	–
	<u>24</u>	<u>25</u>
<b>(b) Other items</b>		
Short-term lease expenses	–*	–*
Depreciation of right-of-use assets	1	1
Auditor's remuneration – current period	1	1
Advertising and promotion expenses	12	1
Carrying amount of inventories sold	58	79
Expected credit loss (reversal)/allowance on accounts receivable	(2)	2
Interest income	(1)	(4)
Interest on lease liabilities	–*	–*
	<u>–</u>	<u>–</u>

\* 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 2020

### 9. INCOME TAX CHARGE

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 the Period and the Corresponding Period.

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

		(Unaudited)	
		Six months ended	
		30 September 2020 HK\$ million	30 September 2019 HK\$ million
Current tax	– PRC	(1)	–
	– Overseas	(1)	(2)
Deferred tax	– PRC	–*	–
	– Overseas	–	(1)
		<hr/>	<hr/>
Income tax charge		(2)	(3)
		<hr/>	<hr/>

\* The amount is less than HK\$1 million.

### 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 2020

### 11. LOSS PER SHARE

#### (a) Basic loss per share:

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

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September 2020 HK\$ million</b>	<b>30 September 2019 HK\$ million</b>
Loss attributable to the shareholders of the Company used in the basic loss per share calculation	<b>(23)</b>	<b>(9)</b>
Shares:		
Weighted average number of ordinary shares for the purposes of calculating basic loss per share	<b>5,492.2</b>	<b>5,492.2</b>

#### (b) Diluted loss per share:

Diluted loss per share equals basic loss per share as the Company has no potential ordinary shares in existence during the Period and the Corresponding Period.

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

For the six months ended 30 September 2020

### 12. RIGHT-OF-USE ASSETS

	<b>Properties</b> HK\$ million
<b>Cost</b>	
At 31 March 2019	—
Impact on initial application of HKFRS 16	5
	<hr/>
At 1 April 2019	5
Additions	2
Exchange realignment	—*
	<hr/>
At 31 March 2020 (audited) and 1 April 2020	7
Exchange realignment	—*
	<hr/>
At 30 September 2020 (unaudited)	7
	<hr/>
<b>Accumulated depreciation</b>	
At 31 March 2019 and 1 April 2019	—
Depreciation for the year ended 31 March 2020 ("Corresponding Year")	2
Exchange realignment	—*
	<hr/>
At 31 March 2020 (audited) and 1 April 2020	2
Depreciation for the Period	1
Exchange realignment	—*
	<hr/>
At 30 September 2020 (unaudited)	3
	<hr/>
<b>Net carrying amount</b>	
At 31 March 2020 (audited)	5
	<hr/>
At 30 September 2020 (unaudited)	4
	<hr/>

\* 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 2020

### 13. BRANDS AND TRADEMARKS

	(Unaudited) 30 September 2020 HK\$ million	(Audited) 31 March 2020 HK\$ million
<b>Gross amount</b>		
At 1 April	2,001	2,026
Foreign currency adjustment	(1)	(25)
	<hr/>	<hr/>
At 30 September/31 March	2,000	2,001
	<hr/>	<hr/>
<b>Accumulated amortisation and impairment</b>		
At 1 April	1,933	1,860
Foreign currency adjustment	(1)	(24)
Impairment loss recognised during the Period/Corresponding Year	–	97
	<hr/>	<hr/>
At 30 September/31 March	1,932	1,933
	<hr/>	<hr/>
Carrying amount at 30 September/31 March	68	68
	<hr/>	<hr/>

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

For the six months ended 30 September 2020

### 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 2020 HK\$ million	(Audited) 31 March 2020 HK\$ million
Emerson	—	—
Licensing		
Akai	37	37
Nakamichi	12	12
Sansui	19	19
Sub-total	68	68
Total	68	68

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 2020.

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

For the six months ended 30 September 2020

### 14. FINANCIAL ASSETS AT FVTPL

	(Unaudited) 30 September 2020 HK\$ million	(Audited) 31 March 2020 HK\$ million
Unlisted equity securities	6	6

Unlisted equity securities as of 30 September 2020 are carried at fair value based on adjusted net asset value method.

### 15. PROPERTIES UNDER DEVELOPMENT

	(Unaudited) 30 September 2020 HK\$ million	(Audited) 31 March 2020 HK\$ million
Amounts comprise:		
– Land use right (including direct costs associated with the acquisition)	200	192
– Construction costs including depreciation and staff costs capitalised	132	70
– Finance costs capitalised	9	4
	<u>341</u>	<u>266</u>

The properties under development are located in the PRC. Properties under development that have a plan to develop for sale, and expect to be realised within the Group's normal operating cycle, are classified as current assets. These properties under development are not expected to be realised within 12 months after the end of the reporting period.

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

For the six months ended 30 September 2020

### 16. ACCOUNTS RECEIVABLE

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

	(Unaudited) 30 September 2020 HK\$ million	(Audited) 31 March 2020 HK\$ million
Gross amount	45	51
Less: allowance of expected credit loss	(3)	(5)
	<hr/>	<hr/>
Net amount	42	46
	<hr/>	<hr/>

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

	(Unaudited) 30 September 2020 HK\$ million	(Audited) 31 March 2020 HK\$ million
At the beginning of the Period/Corresponding Year	5	1
(Reversal)/allowance during the Period/Corresponding Year	(2)	4
Exchange difference	—*	—*
	<hr/>	<hr/>
Net amount	3	5
	<hr/>	<hr/>

\* The amount is less than HK\$1 million.

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

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

For the six months ended 30 September 2020

### 16. ACCOUNTS RECEIVABLE (continued)

The ageing analysis of accounts receivable (net of allowance of expected credit loss) is presented based on the invoice dates as follows:

	(Unaudited) 30 September 2020 HK\$ million	(Audited) 31 March 2020 HK\$ million
0 – 3 months	40	46
3 – 6 months	2	–
	<hr/>	<hr/>
	42	46
	<hr/>	<hr/>

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.

### 17. PREPAYMENTS FOR ACQUISITION OF LAND USE RIGHTS

Prepayments for acquisitions of land use rights paid to governmental bodies in the PRC arise from the acquisition of lands in various regions in the PRC for property development purposes, the ownership certificates of which have not been obtained as at 30 September 2020. According to the terms set out by the governmental bodies, the remaining considerations amounting to approximately HK\$297.1 million shall be settled prior to December 2020. Upon the delivery of land title documents to the Group, the prepaid amount will be recognised as "Properties under development".

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

For the six months ended 30 September 2020

### 18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	(Unaudited) 30 September 2020 HK\$ million	(Audited) 31 March 2020 HK\$ million
Prepayments (Note (i))	11	5
Deposits	1	1
Bidding deposit for land use rights (Note (iii))	123	—
Other receivables (Note (ii))	4	4
	<hr/>	<hr/>
	139	10
	<hr/>	<hr/>

Note

- (i) Included in prepayments are deposits for subsequent purchases advanced to suppliers amounting to approximately HK\$5.1 million as of the end of the reporting period (31 March 2020: approximately HK\$1.9 million). These deposits were non-interest bearing and covered 0 – 3 months of purchases.
- (ii) Other receivables mainly represented value-added tax receivables in the PRC.
- (iii) Bidding deposit for land use rights mainly represented deposit the Group placed with a governmental body in the PRC for the participation in land auction. The Group did not win the bid eventually and the deposit was subsequently fully refunded to the Group.

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

For the six months ended 30 September 2020

### 19. CASH AND BANK BALANCES

	(Unaudited) 30 September 2020 HK\$ million	(Audited) 31 March 2020 HK\$ million
Bank balances	614	138
Short-term deposits with original maturities within three months	23	63
Cash and cash equivalents in the condensed consolidated statement of cash flows	637	201
Short-term deposits with original maturities more than three months but less than one year	194	218
Restricted bank deposits (Note (i))	42	28
	<b>873</b>	<b>447</b>

Note

- (i) Restricted bank deposits represent deposits placed in designated bank accounts in the PRC in relation to construction projects involving pre-sale of properties, the deposits are denominated in RMB. In accordance with the relevant government requirements, a property development company of the Group is required to place certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for the construction of the related properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained. Such guarantee deposits will be released after the completion of construction of the related properties.

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

For the six months ended 30 September 2020

### 20. ACCOUNTS PAYABLE

The ageing analysis of accounts payable is as follows:

	(Unaudited) 30 September 2020 HK\$ million	(Audited) 31 March 2020 HK\$ million
0 – 3 months	88	81

### 21. CONTRACT LIABILITIES

	(Unaudited) 30 September 2020 HK\$ million	(Audited) 31 March 2020 HK\$ million
Sale of properties (Note (i))	115	25
Others (Note (ii))	10	3
	125	28

Note

- (i) The Group receives 20% to 100% of the contract value from customers when they sign the sale and purchase agreements while construction work of properties is still ongoing. For the customers who applied mortgage loans provided by the banks, the remaining consideration will be paid to the Group from the banks once the mortgage loan application has been completed and release of fund has been approved. Such advance payment schemes result in contract liabilities being recognised through the property construction period until the customer obtains control of the completed property. Same as the properties under development as disclosed in Note 15, these balances are expected to be settled within the Group's normal operating cycle and are not expected to be settled within 12 months after the end of the reporting period.
- (ii) It mainly represents payments from customers and licensees based on billing schedules as established in contracts.



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

For the six months ended 30 September 2020

### 22. ACCRUED LIABILITIES AND OTHER PAYABLES

	(Unaudited) 30 September 2020 HK\$ million	(Audited) 31 March 2020 HK\$ million
Accrued expenses	11	8
Other payables	3	4
	<u>14</u>	<u>12</u>

### 23. INTEREST-BEARING BANK LOAN

	Contractual interest rate	Maturity	(Unaudited) 30 September 2020 HK\$ million	(Audited) 31 March 2020 HK\$ million
Loan from bank – unsecured*	1%	2022	<u>2</u>	–

During the Period, a subsidiary of the Group applied for and received aggregate loan proceeds in the amount of approximately US\$204,000 (equivalent to approximately HK\$1,581,000) under the Paycheck Protection Program (“PPP”) in the USA. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The PPP Loan is approved by the Small Business Association (“SBA”) of the USA with an interest rate of 1%, and includes a “forgiveness” clause which states that the borrower may apply for forgiveness of the loan amount if the amount is used for payroll costs, any payment of interest on a covered mortgage obligation, any payment on a covered rent obligation and any covered utility payment.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Group intends to use the proceeds for purposes consistent with the PPP. The Group currently believes its use of proceeds will meet the conditions for forgiveness of the loan and such balance is appropriately classified as current liabilities.

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

For the six months ended 30 September 2020

### 24. AMOUNTS DUE TO A RELATED PARTY/RELATED PARTIES

#### *Current portion*

It represents amount due to Guangzhou Minjie Real Estate Development Co., Ltd.\* ("GZ Minjie" 廣州敏捷房地產開發有限公司). This balance as of 30 September 2020 is denominated in RMB, non-trade in nature, unsecured, interest-free and repayable on demand.

Subsequent to the end of the reporting period, following loan agreements entered between the Group and Guangzhou Yufeng Real Estate Development Co., Ltd.\* ("GZ Yufeng" 廣州育豐房地產開發有限公司), a subsidiary of GZ Minjie, certain of the balance due as of 30 September 2020 becomes interest-bearing at 6.4% per annum with the principal and interests repayable in full on 1 November 2023.

#### *Non-current portion*

As of the end of the reporting period, the Group has entered into loan agreements with GZ Minjie and Guangzhou Jinxiu Investment Company Limited\* ("GZ Investment" 廣州錦繡投資有限公司, immediate holding company of GZ Minjie). Pursuant to the loan agreements, GZ Minjie and GZ Investment agreed to provide loans amounting to approximately RMB643.8 million (equivalent to approximately HK\$732.6 million) (31 March 2020: RMB243.8 million (equivalent to approximately HK\$266.9 million)) and approximately RMB86.2 million (equivalent to approximately HK\$98.1 million) (31 March 2020: RMB86.2 million (equivalent to approximately HK\$94.4 million)) respectively to the Group, upon request by the Group.

GZ Minjie and GZ Investment are non-controlling shareholders of Changsha Ningxiang Minjun Real Estate Development Co., Ltd.\* (長沙市寧鄉敏駿房地產開發有限公司), a subsidiary of the Group, and are beneficially owned by Mr. Tan Huichuan (a son of Mr. Tan) and Mr. Tan Haocheng (an elder brother of Mr. Tan).

As of the end of the reporting period, loans amounting to approximately RMB115.9 million (equivalent to approximately HK\$131.9 million) (31 March 2020: RMB104.9 million (equivalent to approximately HK\$114.8 million)) and approximately RMB86.2 million (equivalent to approximately HK\$98.1 million) (31 March 2020: RMB86.2 million (equivalent to approximately HK\$94.4 million)) have been advanced from GZ Minjie and GZ Investment, respectively.

Amongst the aforesaid balances, RMB11.0 million (equivalent to approximately HK\$12.5 million) bearing interest at 5.60% per annum and will be repayable in full on 20 September 2023, the remaining balances bearing interest at 4.75% per annum and will be repayable in full on 30 November 2022. Both balances are non-trade in nature and unsecured.

\* For identification purpose only.

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

For the six months ended 30 September 2020

### 25. SHARE CAPITAL

	Number of shares '000	Share capital HK\$ million
Authorised share capital:		
Ordinary shares of HK\$0.01 each at 30 September 2020 and 31 March 2020	20,000,000	200
Issued and fully paid share capital:		
Ordinary shares of HK\$0.01 each at 30 September 2020 and 31 March 2020	5,492,233	55

### 26. CONTINGENT LIABILITIES

Except for the case set out below, the Group did not have significant contingent liabilities as at 30 September 2020 and up to the date of this report.

#### (i) *Guarantees*

The Group provided guarantees of approximately HK\$71 million as at 30 September 2020 (31 March 2020: approximately HK\$13 million) to banks in favour of the purchasers of the Group's properties under development up to an amount of 80% of the purchase price of an individual property in respect of the mortgage loans provided by the banks to such purchasers. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. The guarantees start from the respective dates of grant of the mortgage loans.

In the opinion of the Directors, the total fair value of the financial guarantee contracts of the Group is insignificant at initial recognition. The Directors also consider the possibility of default by the parties involved to be remote and in case of default in payments, the net realisable value of the related properties would be able to cover the outstanding principal together with the accrued interest and penalties. Accordingly, no value has been recognised in the condensed consolidated statement of financial position as at 30 September 2020 (31 March 2020: Nil).

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

For the six months ended 30 September 2020

### 26. CONTINGENT LIABILITIES (continued)

#### (ii) Legal cases

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.

### 27. 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.

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

For the six months ended 30 September 2020

### 27. FAIR VALUE MEASUREMENT (continued)

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 2020 using Level 3 HK\$ million	Fair value measurement at 31 March 2020 using Level 3 HK\$ million
Recurring fair value measurement		
Financial assets:		
Financial assets at FVTPL		
– Unlisted equity securities	6	6

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 value method	(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.

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

For the six months ended 30 September 2020

### 28. TRANSACTION SUBSEQUENT TO THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group successfully won the bidding in respect of the following land use rights:

- (i) On 14 October 2020, the Group successfully won the bidding in respect of the land use rights in respect of a parcel of land situated at Ci Cheng New District, Jiangbei District, Ningbo City, Zhejiang Province, the PRC with a site area of approximately 41,881 sq.m., for residential use through listing-for-sale at consideration of approximately RMB956.1 million (equivalent to approximately HK\$1,086.2 million).
- (ii) On 13 November 2020, the Group successfully won the bidding in respect of the land use rights in respect of a parcel of land situated at the north side of Wu Xiang Da Road at Liangqing District, Nanning City, Guangxi Province, the PRC with a site area of approximately 40,941 sq.m., for residential use through listing-for-sale at consideration of approximately RMB859.8 million (equivalent to approximately HK\$997.3 million).
- (iii) On 13 November 2020, the Group successfully won the bidding in respect of the land use rights in respect of a parcel of land situated at Huang Cuo Wei Sub-district, Zhu Gang New Town, Shantou City, Guangdong Province, the PRC with a site area of approximately 69,661 sq.m., for residential use through listing-for-sale at consideration of RMB1,397 million (equivalent to approximately HK\$1,620.5 million).
- (iv) On 27 November 2020, the Group successfully won the bidding in respect of the land use rights in respect of a parcel of land situated at the north-west juncture of Li Zi Yuan Road and Ma Lu Jie Road at Leng Shui Tan District, Yongzhou City, Hunan Province, the PRC with a site area of approximately 61,136 sq.m., for residential use through listing-for-sale at consideration of RMB411.8 million (equivalent to approximately HK\$480.2 million).

The land use rights acquired are for property development purpose.

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

For the six months ended 30 September 2020

### 29. CAPITAL COMMITMENTS

	(Unaudited) 30 September 2020 HK\$ million	(Audited) 31 March 2020 HK\$ million
Contracted for but not provided in the consolidated financial statements in respect of:		
– Properties under development	381	499
– Acquisition of land use rights (Note (i))	108	–

Note

- (i) In the opinion of the Directors, in relation to the acquisition of land use rights set out in Note 17, amongst the remaining considerations amounting to approximately HK\$297.1 million, approximately HK\$108.1 million has been contracted with the governmental body as of 30 September 2020, the remaining were contracted with the respective governmental bodies subsequent to the end of reporting period.



## MANAGEMENT DISCUSSION AND ANALYSIS

30 September 2020

### BUSINESS REVIEW AND PROSPECTS

The Group recorded revenue of HK\$78 million for the Period as compared to HK\$118 million for the Corresponding Period, representing a decrease of 34%. The decrease in revenue was mainly due to a significant drop in the income from the Group's licensing of brands and trademark business, PRC's household appliances business and PRC's IT services business, due to the unfavourable economic environment caused by the continuing spread of the COVID-19 pandemic. Despite so, the Group's Emerson operation business recorded a slight increase in revenue of HK\$4 million as compared to the Corresponding Period, due to the increase in demand of certain categories of products by customers, such as Walmart and Amazon.

During the Period, the Group recorded an unaudited net loss attributable to shareholders of HK\$23 million, as compared to an unaudited net loss attributable to shareholders for the Corresponding Period of HK\$9 million, representing a net increase in loss of HK\$14 million. The increase in unaudited net loss attributable to shareholders was mainly attributable to: (i) the unfavourable economic environment caused by the COVID-19 pandemic as mentioned above; and (ii) an increase in selling expenses incurred from the PRC's property development business of the Group mainly due to the pre-sale activities during the Period.

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



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2020

### Emerson operation business

Emerson, a 72.4% owned subsidiary whose shares are listed on the NYSE American in the USA, generated revenue through the distribution of houseware products and audio products as well as licensing of its brand in North America. Emerson recorded a slight increase in revenue from HK\$23 million for the Corresponding Period to HK\$27 million for the Period due to the increased demand in certain product categories. However, the operating loss of HK\$17 million for the Period increased by HK\$2 million as compared to the Corresponding Period due to lower interest income earned from short term investments.

### Licensing operation business

The Group owns three internationally recognized consumer electronic brands, namely, Akai, Sansui and Nakamichi. In the past few years, through licensing of these brands to independent third parties, this operation generated steady income to the Group. However, due to the ongoing COVID-19 pandemic during the Period, most licensees' businesses have faced difficulties by not being able to meet their respective projected purchases in accordance with their licensing agreements. As such, the revenue generated by the licensing operation business was HK\$8 million for the Period, which was only 50% of the revenue generated for the Corresponding Period. The operating profit of this operation was HK\$8 million for the Corresponding Period, while the income recorded for the Period could only cover its costs and expenses.

As at 30 September 2020, there were a total of 32 contracts (2019: 31) 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 2020

### **PRC's household appliances business**

The PRC's household appliances business was also deeply hit by the COVID-19 pandemic. A revenue of HK\$43 million was recorded during the Period which was only 57% of the revenue for the Corresponding Period amounting HK\$75 million. As economic activities in the PRC have been disrupted by the COVID-19 pandemic, the sales of the PRC's household appliances business have fallen. An operating profit of HK\$5 million was recorded for the PRC's household appliances business during the Period, which was 29% lower than the operating profit recorded for the Corresponding Period amounting HK\$7 million. This decrease of HK\$2 million in operating profit was mainly due to the decrease in sales of household appliances during the Period.

### **PRC's IT business**

The PRC's IT business recorded no income during the Period, whereas the revenue for the Corresponding Period was HK\$4 million. This loss in income was due to the ongoing COVID-19 pandemic as most companies have had to reduce their budget for non-profit generating units. The management has therefore re-considered the Group's future development in this business sector as the prospects of this segment are uncertain, and the majority of the staff have voluntarily resigned during the Period. If the COVID-19 pandemic continues in the second half of the financial year ending 31 March 2021, the management may consider to close down the operation of this segment.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2020

### PRC's property development business

The Group's business has expanded to property development operation business since the completion of the capital injection in Changsha Ningxiang Minjun Real Estate Development Co., Ltd.\* (長沙市寧鄉敏駿房地產開發有限公司) in November 2019 (the "Capital Increase"). During the Period, the Group achieved a total contracted sales amount of approximately HK\$104 million (equivalent to approximately RMB94 million), with a total contracted sales gross floor area of approximately 19,800 sq.m. The average selling price was approximately HK\$5,300 (equivalent to approximately RMB4,700) per sq.m. As the Capital Increase completed in November 2019, comparative figures for the Corresponding Period are not available. It is expected that the delivery of these units will take place in around early 2022.

As the Company has become a Qualified Issuer (as defined in the Listing Rules), the Group has commenced to bid for land launched by various local governmental bodies in different provinces of the PRC during the Period. In September 2020, the Group successfully won the bidding in respect of three parcels of land in the PRC: (i) the land in Gongyi City, Henan Province with a site area of approximately 36,575.74 sq.m. at the bidding price of approximately RMB264.3 million (equivalent to approximately HK\$296.7 million); (ii) the land in Gongyi City, Henan Province with a site area of approximately 35,702.18 sq.m. at the bidding price of approximately RMB191.5 million (equivalent to approximately HK\$215.5 million); and (iii) the land in Yangjiang City, Guangdong Province with a site area of approximately 62,089.40 sq.m. at the bidding price of approximately RMB198.69 million (equivalent to approximately HK\$223.53 million), details of which are set out in the announcements of the Company dated 2, 24 and 29 September 2020 (collectively, the "Land Acquisitions"). These add up to a total of approximately 134,367.32 sq.m. of land acquired by the Group during the Period. Since the land acquisitions on 2 and 29 September 2020 constituted major transactions of the Company, a circular dated 18 November 2020 was subsequently published to provide more details of the acquisitions to the shareholders of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2020

### Prospects

Due to the global situation of the COVID-19 pandemic, the management is not optimistic as to the Group's operations in Emerson, licensing, PRC's household appliances and PRC's IT services in the second half of the financial year ending 31 March 2021. The operation teams will endeavour to use their best efforts to overcome the difficulties brought about by the COVID-19 pandemic in order to manage the businesses and operation in the second half of the financial year ending 31 March 2021, as well as control its costs in all areas so as to minimize the total expenses to be incurred by it. The Group will also prepare for the economic recovery once the pandemic is under control so that we can maximise revenues going forward.

In respect of the PRC's property development business, the management intends to continue bidding in land auctions conducted by the local governmental bodies in different cities of the PRC in order to increase the Group's land bank for future development. Following the end of Period, the Group has acquired a further four parcels of land in Ningbo City, Zhejiang Province; Nanning City, Guangxi Province; Shantou City, Guangdong Province and Yongzhou City, Hunan Province. These acquisitions have further increased the land bank of the Group by approximately 213,618.83 sq.m. and the total land cost of these parcels of land is approximately HK\$4,184.17 million. The management believes that the enlarged land reserve will bring income to the Group with reasonable returns in the future.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2020

### LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group as at 30 September 2020 was 1.51 as compared to 5.49 as at 31 March 2020. The decrease in the current ratio was mainly attributable to (1) the increase in contract liabilities mainly from PRC's property development business; and (2) the amount due to a related party of HK\$990 million, which were partially offset by the prepayments for acquisition of land use rights of HK\$460 million and the increase in cash and bank balances during the Period.

The Group's working capital requirements were mainly financed by internal resources and external borrowings as the Group continued to generate cash from its Emerson operation business, licensing operation business, PRC's household appliances business and PRC's property development business during the Period. As at 30 September 2020, the Group had accumulated cash and bank balances amounting to HK\$873 million as compared to HK\$447 million as at 31 March 2020.

### MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not make any material acquisition and disposal of subsidiaries and affiliated companies during the Period.



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2020

### MATERIAL EVENTS AFTER THE PERIOD

As disclosed above, the Group has won the bidding of four parcels of land in the PRC after the end of the Period: (i) the land in Ningbo City, Zhejiang Province with a site area of approximately 41,881 sq.m. at the bidding price of approximately RMB956.12 million (equivalent to approximately HK\$1,086.16 million); (ii) the land in Nanning City, Guangxi Province with a site area of approximately 40,941.25 sq.m. at the bidding price of approximately RMB859.77 million (equivalent to approximately HK\$997.33 million); (iii) the land in Shantou City, Guangdong Province with a site area of approximately 69,660.6 sq.m. at the bidding price of RMB1,397 million (equivalent to approximately HK\$1,620.52 million); and (iv) the land in Yongzhou City, Hunan Province with a site area of approximately 61,135.98 sq.m. at the bidding price of RMB411.8 million (equivalent to approximately HK\$480.16 million). Each of the first three land acquisitions constituted a very substantial acquisition and the last land acquisition constituted a major transaction for the Company under Chapter 14 of the Listing Rules. Details of the acquisition of the land in Ningbo City are set out in the announcement and the circular of the Company dated 15 October 2020 and 18 November 2020 respectively, whereas details of the acquisition of the two pieces of land in Nanning City and Shantou City are set out in the announcement of the Company dated 17 November 2020 and details of the acquisition of the land in Yongzhou are set out in the announcement of the Company dated 27 November 2020.

Save as disclosed herein, there were no significant events occurred after the Period and up to the date of this interim report.

### SIGNIFICANT INVESTMENT

Other than the Land Acquisitions as mentioned above, the Group did not enter into any new significant investment during the Period.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2020

### FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As the management has decided to continue expanding the PRC's property development business, the Group will continue to acquire lands in the PRC through public auctions where appropriate opportunity arises. Nevertheless, as at the date hereof the Group has not yet identified any concrete investment opportunity. Other than that, 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

The gearing ratio of the Group as at 30 September 2020 was 0.56 (as at 31 March 2020: 0.47 time).

### CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in note 26.

### CAPITAL COMMITMENTS

As at 30 September 2020, the Group had contracted, but not provided for capital expenditure commitments of HK\$489 million (as at 31 March 2020: HK\$499 million) in respect of properties under development and acquisition of land use rights.

### CHARGES ON GROUP ASSETS

As at 30 September 2020, no assets were pledged to secure other borrowing facilities for the Group (as at 31 March 2020: nil).



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2020

### 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 transactions dealt in US dollars. However, for transactions 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 2020 was 69 (82 as at 31 March 2020). 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 2020

### 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 2020, 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:

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

- (i) As at 30 September 2020, 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 2020.

**OTHER INFORMATION (continued)**

30 September 2020

**SUBSTANTIAL SHAREHOLDERS' INTERESTS**

As at 30 September 2020, 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%
LEHD Pte. Ltd. ("LEHD")	Trustee	1,428,769,939 (L) (Note 1, 2)	26.01%
Airwave Capital Limited ("Airwave")	Interest of controlled corporation	405,306,516 (L) (Note 3)	7.38%
Barrican Investments Corporation ("Barrican")	Beneficial owner, Interest of controlled corporation	405,306,516 (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 2020

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 under the sale and purchase agreement dated 22 September 2017 between Sino Bright (as vendor) and Wealth Warrior (as purchaser).
- (2) LEHD is deemed to have interests in 1,428,769,939 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 is deemed to be interested in the Shares held by Barrican, McVitie Capital Limited ("McVitie") and Sino Bright, which are wholly-owned subsidiaries of The Ho Family Trust and directly hold 335,260,845 Shares, 70,045,671 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 2020, 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 2020

### **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 and the Chief Executive Officer should be separate and should not be performed by the same individual. However, since the appointment of Mr. Tan as a Director of the Company on 2 December 2017, he has also been appointed as the Chairman of the Board and the Chief Executive Officer 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rule as its own code of conduct regarding securities transactions by the Directors. Specific enquiry has been made to all 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 2020

### CHANGES IN DIRECTORS' INFORMATION

During the Period, there is no change in information of the Directors since the publication of the 2019/20 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 interim 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, 30 November 2020