

Sincere Watch (Hong Kong) Limited

Stock Code 股份代號：00444
(於開曼群島註冊成立的有限公司)
(incorporated in the Cayman Islands with limited liability)



2020

INTERIM REPORT 中期報告

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mrs. CHU Yuet Wah (*Chairman*)
Mr. ZHANG Xiaoliang (*Deputy Chairman
and Chief Executive Officer*)
Mr. CHU, Kingston Chun Ho
Mr. YANG Guangqiang
Mr. AN Muzong

Independent Non-executive Directors

Ms. LO Miu Sheung, Betty
Mr. YU Zhenxin
Mr. ZONG Hao
Mr. CHIU Sin Nang, Kenny

AUDIT COMMITTEE

Mr. CHIU Sin Nang, Kenny (*Chairman*)
Ms. LO Miu Sheung, Betty
Mr. YU Zhenxin
Mr. ZONG Hao

REMUNERATION COMMITTEE

Mr. YU Zhenxin (*Chairman*)
Ms. LO Miu Sheung, Betty
Mr. CHIU Sin Nang, Kenny

NOMINATION COMMITTEE

Ms. LO Miu Sheung, Betty (*Chairman*)
Mr. CHIU Sin Nang, Kenny
Mr. YU Zhenxin

INVESTMENT COMMITTEE

Mrs. CHU Yuet Wah (*Chairman*)
Mr. CHU, Kingston Chun Ho
Mr. YU Zhenxin

COMPANY SECRETARY

Mr. CHAN Kwong Leung, Eric

AUTHORISED REPRESENTATIVES

Mr. CHU, Kingston Chun Ho
Mr. CHAN Kwong Leung, Eric

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Offices Nos. 6101–6103
61st Floor, The Center
99 Queen's Road Central
Hong Kong

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman)
Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

The Hongkong and Shanghai
Banking Corporation Limited
Bank of China (Hong Kong) Limited
Tai Fung Bank

STOCK CODE

00444

WEBSITE

<http://www.sincerewatch.com.hk>

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations for the six months ended 30 September 2020 (“H1 FY2021”) decreased by 67.7% from HK\$154,425,000 to HK\$49,843,000 when compared with the corresponding period of last year (“H1 FY2020”).
- Loss for the six months ended 30 September 2020 increased by 25.4% from HK\$59,479,000 to HK\$74,613,000. The loss for H1 FY2021 is mainly attributable to much weakened market sentiment during the period.
- Loss per share from continuing operations was 1.22 HK cents in H1 FY2021 (H1 FY2020: 0.96 HK cents).
- The Board has resolved not to pay interim dividend for H1 FY2021 (H1 FY2020: Nil).

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Sincere Watch (Hong Kong) Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2020 together with the unaudited comparative figures for the corresponding six months ended 30 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group’s revenue from continuing operations in H1 FY2021 decreased by 67.7% from HK\$154.4 million to HK\$49.8 million over the same period last year. The decrease was caused by the unprecedented COVID-19 pandemic and the associated combating measures.

Gross profit from continuing operations in H1 FY2021 decreased by 98.6% from HK\$54.2 million to HK\$0.8 million over the same period last year. Gross margin decreased from 35.1% to 1.6% due to the global pandemic of the COVID-19 virus and provision of slow-moving inventories during the period.

Other income in H1 FY2021 was HK\$20.6 million as compared to HK\$0.7 million in H1 FY2020. The increase was mainly due to rent concession of HK\$15.7 million (H1 FY2020: Nil) and receipt of government subsidies under the Employment Support Scheme and Retail Sector Subsidy Scheme under the Anti-epidemic Fund provided by the local government of HK\$3.1 million (H1 FY2020: Nil).

Selling and distribution costs and general and administrative expenses decreased by 49.5% and 39.6% respectively in H1 FY2021. The decrease was mainly due to reduction of boutiques rental, sales commission and staff cost.

Provision for impairment loss on property, plant and equipment in H1 FY2021 was HK\$1.9 million against HK\$29.7 million in H1 FY2020. Loss before taxation, exchange differences, fair value change of investment properties, financial assets at fair value through profit or loss and derivative financial instruments in H1 FY2021 was HK\$32.7 million as compared to HK\$75.2 million in H1 FY2020.

Realised and unrealised foreign exchange gain in H1 FY2021 were HK\$0.1 million and HK\$2.9 million respectively, as compared to realised gain of HK\$0.2 million and unrealised loss of HK\$7.9 million in H1 FY2020. Unrealised exchange difference arose from trade payables denominated in foreign currencies, which were translated at the exchange rates prevailing at the balance sheet dates and any differences in valuation were then recognised in the consolidated statement of profit or loss as unrealised gains or losses.

Fair value loss of investment properties in H1 FY2021 was HK\$59.3 million as compared to HK\$5.1 million in H1 FY2020. Fair value gain of financial assets at FVTPL in H1 FY2021 was HK\$0.6 million as compared to HK\$30.7 million in H1 FY2020.

Loss from continuing operations and discontinued operation in H1 FY2021 were HK\$73.7 million and HK\$0.9 million, as compared to HK\$58.1 million and HK\$1.4 million respectively in H1 FY2020.

Loss per share was 1.23 HK cents in H1 FY2021 (H1 FY2020: 0.98 HK cents). Net asset value per share was 13.49 HK cents as at 30 September 2020 against 14.2 HK cents as at 31 March 2020.

BUSINESS REVIEW

The Group is the sole distributor of FRANCK MULLER luxury watches and accessories in Hong Kong, Macau, Taiwan and Mainland China. The Group also represents four other luxury brands — CVSTOS, Pierre Kunz, European Company Watch and Backes & Strauss.

Distribution network and market penetration

The Group has established its distribution network with 49 retail points of sales and 10 boutiques, making a total of 59 points (61 as at the end of March 2020).

Other than the 7 boutiques operated by the Group, the remaining 52 watch retail outlets are operated by 22 independent watch dealers throughout our key markets such as Hong Kong, Macau, Taiwan and Mainland China.

Brand enhancement activities

The Group aims not only to create but also to sustain brand value among our discerning customers. As such, we have undertaken a number of brand enhancement activities to reinforce the brand leadership with premium product imagery and focused product placements in relevant media.

The Group has also consistently embarked on niche marketing initiatives to build its image and desirability as one of the leading international watch brands. This included several unique events in our key market with the aims of increasing brand exposure and extending brand networking.

Mainland China

25 July 2020

FRANCK MULLER VIP Cocktail Reception

An exclusive and private opening cocktail was hosted at FRANCK MULLER Shenyang Mix C boutique, the prestige guests were gathered for a simple lighting ceremony oscillated by the senior management to unveil the opening of the new boutique. A branded cart was displayed at the boutique façade to offer guests mini bouquet or candies as a giveaway to celebrate the occasion.

22 August 2020

FRANCK MULLER Chinese Valentine's Day Event

An exclusive cocktail was hosted respectively at FRANCK MULLER West Nanjing Road, Zheng Zhou and Shenyang Mix C boutiques, the VIP guests were invited by private appointment, presented to the latest Vanguard Crazy Hours Asia Exclusive collection, while they were welcomed to create their own personalized table garden as a souvenir which was exclusively offered at the event only.

5 September 2020

FRANCK MULLER Exclusive High Tea

Together with a prestige VIP membership partner, Self Shero, a private VIP event was hosted at KEE CLUB, Shanghai with esteemed guests for a splendid afternoon tea to discover the new Vanguard Crazy Hours Asia Exclusive collection, the most iconic collection displaying a unique way of telling time- the hour hand leaps across the dial at the top of every hour. A branded scented candle set was given as an exclusive gift at the event only.

Performance by business operations and geographical markets

Watch distribution

Hong Kong, Mainland China and Macau remained the key revenue drivers, contributing together HK\$39.7 million, which accounted for 79.7% of the Group's total revenue, in H1 FY2021.

Mainland China and Macau

Mainland China and Macau have taken over Hong Kong as the Group's major markets and contributed 40.2% of the Group's revenue in H1 FY2021. Revenue in this region was HK\$20.0 million in H1 FY2021 as compared to HK\$65.1 million in the same period last year.

Hong Kong

Hong Kong contributed 39.5% of the Group's revenue in H1 FY2021. Revenue in this region decreased by 69.7% to HK\$19.7 million in H1 FY2021.

Other locations

Revenue from other locations decreased by 56.9% from HK\$13.5 million to HK\$5.8 million in H1 FY2021.

Property investment

Revenue from investment properties was derived from two properties located in Mainland China. Their rental income decreased from HK\$10.9 million to HK\$4.3 million in H1 FY2021 as a result of lower occupancy rate. In view of the decrease in occupancy and market rent level, revaluation loss of HK\$59.3 million on the investment properties was recognised in H1 FY2021 as compared to HK\$5.1 million in the same period last year.

PROSPECTS

The COVID-19 pandemic that broke out in early 2020 has seriously affected the global economy. It is still affecting the business and economic activities worldwide until the spread of COVID-19 can be effectively contained. The COVID-19 has increased uncertainty to the Group in respect of its future operating performance which currently is difficult to predict. The Group will keep continuous attention on the change of situation, make timely response and adjustments in the future and control the risk matters.

Going forward, the Group will move to further strengthen its distribution network in Hong Kong, Macau and Mainland China including the opening up of a new flagship store in Central, as well as explore new markets in other Asian countries. In addition, the Group will review the tenancy situation including occupancy and rental level of our investment properties in the PRC so as to improve the rental yield to the Group in the year of 2021.

The Group will continue its efforts in exploring appropriate investment opportunities in order to diversify its sources of income.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 30 September 2020, the Group maintained the cash and bank balances of HK\$44.4 million when compared with its cash and bank balances of HK\$43.6 million as at 31 March 2020. Gearing ratio (net debt divided by total equity) was 18.1% at 30 September 2020 (31 March 2020: 14.1%). The Group has no outstanding bank loan.

At 30 September 2020, details of the Group's investments in equity instruments were as below:

Stock code	Stock name	At 30 September 2020		H1 FY2021	
		No. of shares held	Fair value HK\$'000	Change in fair value recognised in statement of profit or loss HK\$'000	Change in fair value recognised in statement of other comprehensive income HK\$'000
3823	Tech Pro Technology Development Ltd.	36,760,000	1,235	-	-
3886	Town Health International Medical Group Ltd.	6,600,000	2,155	-	-
627	Fullsun International Holdings Group Co., Ltd.	12,065,000	652	(542)	-
663	King Stone Energy Group Ltd.	317,020,000	23,459	-	6,340
Total			27,501	(542)	6,340

These investments were listed and delisted securities which were measured at fair value. As at 30 September 2020, investments in equity instruments amounted to approximately HK\$27.5 million.

During the period under review, the Group's portfolio of equity instruments was able to contribute a net fair value gain. A net fair value loss of approximately HK\$0.5 million was charged to the statement of profit or loss while a net fair value gain of approximately HK\$6.3 million was recognised in the statement of other comprehensive income.

It was noted that trading in the shares of Tech Pro Technology Development Limited and Town Health International Medical Group Limited has been suspended since 9:00 a.m. on 9 November 2017 and 9:00 a.m. on 27 November 2017 respectively, details of which are referred to in the announcement made by Tech Pro Technology Development Limited on 9 November 2017 and the announcement made by Town Health International Medical Group Limited on 27 November 2017 respectively. It was further noted that the shares of Tech Pro Technology Development Limited were delisted starting from 9:00 a.m. on 2 March 2020, details of which are referred to in the announcement issued by the Stock Exchange on 26 February 2020 on its official website.

The Directors will continue to monitor the performance of the above investments, and will assess and then adjust the investment strategies in the future so as to minimise the negative impact of any under-performing investment on the overall return of the investment portfolio of the Group. The performance of the investments in equity instruments will be affected by the degree of volatility in the Hong Kong stock market and subject to other external factors that may affect their values.

The Group's net current assets decreased from HK\$149.2 million as at 31 March 2020 to HK\$125.9 million as at 30 September 2020. Net assets stood at HK\$815.3 million as at 30 September 2020 as compared to HK\$857.6 million as at 31 March 2020. The Directors believe that the Group's existing financial resources are sufficient to fulfil its commitments and current working capital requirements.

CAPITAL STRUCTURE AND FOREIGN EXCHANGE EXPOSURE

As at 30 September 2020, the total number of issued shares of the Company was 6,043,950,000 (31 March 2020: 6,043,950,000). There was no change in the capital structure of the Company during the six months ended 30 September 2020.

The Group recorded a realised exchange gain of HK\$0.1 million in H1 FY2021 as compared with HK\$0.2 million in H1 FY2020. In addition, the Group booked an unrealised exchange gain of HK\$2.9 million in H1 FY2021 against a loss of HK\$7.9 million in H1 FY2020. There was no fair value change of derivative financial instruments recorded in H1 FY2021 against a loss of HK\$0.4 million in H1 FY2020.

The Group pursued a prudent policy on financial risk management and the management of foreign currencies and interest rate. The Group continues to benefit from favourable payment terms from its suppliers that may result in unrealised gains or losses from time to time in applying Hong Kong Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates".

CHARGE ON ASSETS

The Group did not have any charge on its assets as at 30 September 2020 (31 March 2020: Nil).

CAPITAL COMMITMENT

As at 30 September 2020, the Group had contracted, but not provided for capital expenditure commitment of HK\$2.1 million (31 March 2020: HK\$0.4 million) in respect of acquisition of property, plant and equipment.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 September 2020 (31 March 2020: Nil).

EMPLOYMENT AND REMUNERATION POLICY

As at 30 September 2020, the Group's work force stood at 132 including Directors (31 March 2020: 134). Employees were paid at market rates with discretionary bonus and medical benefits, and were covered under the mandatory provident fund scheme. The Company has adopted a share option scheme which aims to provide incentive or rewards to staff.

The Group is constantly reviewing its staff remuneration to ensure that it stays competitive with market practice.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 30 September 2020, the interests or short positions of the Directors and 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 (“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 of Hong Kong Limited (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 Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), were as follows:

Name of Director	Capacity	Number of shares held (long position)	Approximate percentage of the Company's issued shares
Chu Yuet Wah	Beneficial owner	265,000,000	4.38%
	Interest of controlled corporation (<i>Note</i>)	325,920,000	5.39%

Note: These 325,920,000 shares were held by Sincere Watch Limited, which was wholly owned by Be Bright Limited and Be Bright Limited was wholly owned by Mrs. Chu Yuet Wah. Accordingly, Mrs. Chu Yuet Wah was deemed to be interested in these 325,920,000 shares of the Company by virtue of the SFO.

Save as disclosed above, none of the Directors nor chief executive of the Company had any interests or short positions 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 and none of the Directors or chief executive, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the six months ended 30 September 2020.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) pursuant to a resolution passed at the annual general meeting of the Company held on 26 August 2016. The purpose of the Share Option Scheme is to enable the Company to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group. Details of the Share Option Scheme are set out in the published annual report of the Company for the year ended 31 March 2020. No share option has been granted since the adoption of the Share Option Scheme.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2020, the following persons (other than the interests disclosed above in respect of the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company, were as follows:

Name of shareholder	Capacity	Number of shares held (long position)	Approximate percentage of the Company's issued shares
Sun Hung Kai Structured Finance Limited	Person having a security interest in shares	2,078,490,000	34.38%
Shipshape Investments Limited	Interest of controlled corporation (<i>Note 1</i>)	2,078,490,000	34.38%
Sun Hung Kai & Co. Limited	Interest of controlled corporation (<i>Note 1</i>)	2,078,490,000	34.38%
Allied Properties (H.K.) Limited	Interest of controlled corporation (<i>Note 1</i>)	2,078,490,000	34.38%
Allied Group Limited	Interest of controlled corporation (<i>Note 1</i>)	2,078,490,000	34.38%
Lee Seng Hui	Interest of controlled corporation (<i>Note 1</i>)	2,078,490,000	34.38%
Lee Su Hwei	Interest of controlled corporation (<i>Note 1</i>)	2,078,490,000	34.38%
Lee Seng Huang	Interest of controlled corporation (<i>Note 1</i>)	2,078,490,000	34.38%
Sky League Limited	Beneficial owner	1,294,370,000	21.42%
Wang Fang	Interest of controlled corporation (<i>Note 2</i>)	1,294,370,000	21.42%
Allied Crown Investment Limited	Beneficial owner	1,061,950,000	17.57%
Asia Gate Holdings Co., Ltd.	Interest of controlled corporation (<i>Note 3</i>)	1,061,950,000	17.57%
Brilliant World Limited	Beneficial owner	550,960,000	9.12%
Bai Ning	Interest of controlled corporation (<i>Note 4</i>)	550,960,000	9.12%
Sincere Watch Limited	Beneficial owner	325,920,000	5.39%
Be Bright Limited	Interest of controlled corporation (<i>Note 5</i>)	325,920,000	5.39%

Notes:

1. Sun Hung Kai Structured Finance Limited was a wholly-owned subsidiary of Shipshape Investments Limited, a wholly-owned subsidiary of Sun Hung Kai & Co. Limited, which in turn was a non wholly-owned subsidiary of Allied Properties (H.K.) Limited. Allied Properties (H.K.) Limited was a non wholly-owned subsidiary of Allied Group Limited in which Lee Seng Hui, Lee Su Hwei and Lee Seng Huang were the trustees of Lee and Lee Trust, being a discretionary trust. Lee and Lee Trust controlled approximately 74.95% of the total number of issued shares of Allied Group Limited (inclusive of Lee Seng Hui's personal interests) as at 30 September 2020. Accordingly, all these parties were deemed to have the same long position as Sun Hung Kai Structured Finance Limited.
2. These 1,294,370,000 shares were held by Sky League Limited, which was wholly owned by Wang Fang. Accordingly, Wang Fang was deemed to be interested in these 1,294,370,000 shares of the Company by virtue of the SFO.
3. These 1,061,950,000 shares were held by Allied Crown Investment Limited, which was wholly owned by Asia Gate Holdings Co., Ltd.. Accordingly, Asia Gate Holdings Co., Ltd. was deemed to be interested in these 1,061,950,000 shares of the Company by virtue of the SFO.
4. These 550,960,000 shares were held by Brilliant World Limited, which was wholly owned by Bai Ning. Accordingly, Bai Ning was deemed to be interested in these 550,960,000 shares of the Company by virtue of the SFO.
5. These 325,920,000 shares were held by Sincere Watch Limited, which was wholly owned by Be Bright Limited. Accordingly, Be Bright Limited was deemed to be interested in these 325,920,000 shares of the Company by virtue of the SFO.

Save as disclosed above, as at 30 September 2020, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the securities of the Company during the six months ended 30 September 2020.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 September 2020.

AUDIT COMMITTEE

The Audit Committee was established on 19 September 2005. The Audit Committee consists of four independent non-executive Directors, being Ms. Lo Miu Sheung, Betty, Mr. Yu Zhenxin, Mr. Zong Hao and Mr. Chiu Sin Nang, Kenny (the chairman of the Audit Committee). It is responsible for reviewing and overseeing the financial reporting system, risk management and internal control systems of the Company and providing advice and comments to the Board.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2020.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to the disclosure requirements under Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors are set out below:

1. The monthly salary of Mrs. Chu Yuet Wah was reduced from HK\$240,000 to HK\$216,000 with effect from 1 May 2020 and further reduced to HK\$100,000 with effect from 1 June 2020.
2. The monthly salary of Mr. Zhang Xiaoliang was voluntarily suspended with effect from 1 May 2020, save for his RMB salary which would be kept at the current amount.
3. The monthly salary of Mr. Chu, Kingston Chun Ho was reduced from HK\$136,000 to HK\$122,400 with effect from 1 May 2020 and further reduced to HK\$100,000 with effect from 1 June 2020.
4. The monthly salary of Mr. Yang Guangqiang was voluntarily suspended with effect from 1 May 2020.
5. Mr. Chiu Sin Nang, Kenny was appointed as an independent non-executive director of Affluent Partners Holdings Limited, a company listed on the Main Board of the Stock Exchange, with effect from 30 September 2020.

By Order of the Board
Sincere Watch (Hong Kong) Limited
Chu Yuet Wah
Chairman

Hong Kong, 27 November 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

	Notes	For the six months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited) (re-presented)
Continuing operations			
Revenue	5	49,843	154,425
Cost of sales		(49,058)	(100,240)
Gross profit		785	54,185
Other income		20,631	678
Provision for impairment loss on property, plant and equipment		(1,874)	(29,705)
Selling and distribution costs		(20,375)	(40,316)
General and administrative expenses		(28,101)	(46,514)
Reversal of/(provision for) expected credit losses on financial assets		94	(7,779)
Finance costs		(3,813)	(5,730)
Loss before taxation, exchange gain/(loss), fair value change of investment properties, financial assets at fair value through profit or loss and derivative financial instruments		(32,653)	(75,181)
Realised exchange gain		104	194
Unrealised exchange gain/(loss)		2,932	(7,887)
Fair value change of investment properties	11	(59,317)	(5,076)
Fair value change of financial assets at fair value through profit or loss ("FVTPL")		649	30,723
Fair value change of derivative financial instruments		-	(394)
Loss before taxation		(88,285)	(57,621)
Income tax credit/(expense)	6	14,596	(500)
Loss for the period from continuing operations	7	(73,689)	(58,121)
Discontinued operation			
Loss for the period from discontinued operation	7	(924)	(1,358)
Loss for the period		(74,613)	(59,479)

		For the six months ended	
		30 September	
		2020	2019
Notes		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
		(re-presented)	
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss			
	— Fair value change of financial assets at fair value through other comprehensive income (“FVOCI”)	6,340	(5,007)
Items that may be subsequently reclassified to profit or loss			
	— Exchange differences on translation of foreign operations	25,967	(41,867)
Other comprehensive income for the period		32,307	(46,874)
Total comprehensive income for the period		(42,306)	(106,353)
Loss per share from continuing and discontinued operations			
	— basic and diluted	(1.23) HK cents	(0.98) HK cents
Loss per share from continuing operations			
	— basic and diluted	(1.22) HK cents	(0.96) HK cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

		30 September 2020	31 March 2020
	Notes	HK\$'000 (unaudited)	HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	54,397	51,004
Investment properties	11	624,292	657,318
Financial assets at FVTPL	12	–	7,407
Financial assets at FVOCI	13	23,459	17,119
Other receivables	14	3,746	5,431
Deferred tax assets		20,315	4,876
		726,209	743,155
Current assets			
Inventories		334,098	364,536
Trade and other receivables	14	53,764	42,753
Amounts due from related parties	16	–	258
Financial assets at FVTPL	12	52,167	44,111
Bank balances and cash		44,437	43,616
		484,466	495,274
Current liabilities			
Trade and other payables	15	116,703	125,966
Contract liabilities		3,182	1,074
Lease liabilities		44,244	52,119
Note payable	17	150,000	149,581
Amounts due to related parties	16	2,378	1,919
Loan from a shareholder		42,000	15,000
Taxation payable		100	379
		358,607	346,038
Net current assets		125,859	149,236
Total assets less current liabilities		852,068	892,391

	Notes	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities		36,769	34,786
		36,769	34,786
Net assets		815,299	857,605
Capital and reserves			
Share capital	18	120,879	120,879
Reserves		694,420	736,726
Total equity		815,299	857,605

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Share capital HK\$'000	Share premium HK\$'000	FVOCI reserve HK\$'000	Special reserve HK\$'000 (Note)	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2019 (audited)	120,879	963,553	(8,400)	801	(28,972)	13,856	1,061,717
Exchange differences on translation of foreign operations	-	-	-	-	(41,867)	-	(41,867)
Fair value change of financial assets at FVOCI	-	-	(5,007)	-	-	-	(5,007)
Loss for the period	-	-	-	-	-	(59,479)	(59,479)
Total comprehensive income for the period	-	-	(5,007)	-	(41,867)	(59,479)	(106,353)
As 30 September 2019 (unaudited)	120,879	963,553	(13,407)	801	(70,839)	(45,623)	955,364
At 1 April 2020 (audited)	120,879	963,553	(26,947)	801	(71,180)	(129,501)	857,605
Exchange differences on translation of foreign operations	-	-	-	-	25,967	-	25,967
Fair value change of financial assets at FVOCI	-	-	6,340	-	-	-	6,340
Loss for the period	-	-	-	-	-	(74,613)	(74,613)
Total comprehensive income for the period	-	-	6,340	-	25,967	(74,613)	(42,306)
At 30 September 2020 (unaudited)	120,879	963,553	(20,607)	801	(45,213)	(204,114)	815,299

Note: The special reserve of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the reorganisation during its listing in The Stock Exchange of Hong Kong Limited in 2005.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	For the six months ended 30 September	
	2020	2019
	HKS'000	HKS'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(5,649)	(45,832)
Investing activities		
Purchase of property, plant and equipment	(11,204)	(911)
Interest received	159	298
Proceeds from disposal of financial assets	–	54,579
Proceeds from disposal of property, plant and equipment	85	–
Net cash (used in)/generated from investing activities	(10,960)	53,966
Financing activities		
Proceeds from short-term loan from a shareholder	27,000	–
Repayment of principal portion of lease liabilities	(9,634)	(19,714)
Interest paid	(3,170)	(2,808)
Net cash generated from/(used in) financing activities	14,196	(22,522)
Net decrease in cash and cash equivalents	(2,413)	(14,388)
Cash and cash equivalents at beginning of the period	43,616	81,776
Effect of foreign exchange rate changes	3,234	(1,570)
Cash and cash equivalents at end of the period, represented by bank balances and cash	44,437	65,818

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 21 July 2004 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company acts as an investment holding company. The principal activities of the Company and its subsidiaries (collectively, “the Group”) are distribution of branded luxury watches, timepieces and accessories in Hong Kong, Macau, Taiwan, Korea and the People’s Republic of China (the “PRC”), dining business and property investment.

The interim condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is also the functional currency of the Company.

2. BASIS OF PREPARATION AND SIGNIFICANT EVENTS

These interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”), issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on the Stock Exchange. These interim condensed consolidated financial statements were authorised for issue on 27 November 2020.

These interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2020 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 April 2020.

The preparation of these interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

2. BASIS OF PREPARATION AND SIGNIFICANT EVENTS

— Continued

These interim condensed consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), unless otherwise stated. These interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2020 annual financial statements. These interim condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) and should be read in conjunction with the 2020 consolidated financial statements.

Significant events

The World Health Organisation declared Novel Coronavirus (“COVID-19”) a global health emergency on 30 January 2020. The significant events and transactions that have occurred since 31 March 2020 relating to the adverse effects of the global pandemic on the Group’s interim condensed consolidated financial statements for the six months ended 30 September 2020 are summarised as follows.

(a) Significant loss on revenue

Due to the pandemic of COVID-19 which have adversely impacted the retail and tourism industries. The number of tourists visiting Hong Kong, and among whom those from Mainland China, has significantly decreased. The Group’s revenue for the six months ended 30 September 2020 decreased by 67.7% to approximately HK\$49.8 million (30 September 2019: approximately HK\$154.4 million).

(b) Government grants

The Group applied for various government support programs introduced in response to the global pandemic in Hong Kong.

Included in profit or loss is HK\$3.1 million of government grants obtained relating to supporting the payroll of the Group’s employees and watch distribution business. The Group has elected to present this government grant separately, rather than reducing the related expense. The Group had to commit to spending the assistance on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have any unfulfilled obligations relating to this program.

3. CHANGES IN HKFRSs

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, Definition of a Business
- Amendments to HKAS 1 and HKAS 8, Definition of Material

The adoption of these new/revised HKFRSs has no significant impact on the Group's unaudited interim condensed consolidated financial statements.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2020 annual financial statements.

5. SEGMENT INFORMATION

The Group determines its operating segments based on the internal reports reviewed by the Executive Directors of the Company, who are the chief operating decision maker, that are used to allocate resources and assess performance. The Group has two business operations, being the watch distribution and dining business, and property investment, which are for the analysis based on the geographical locations of the sales. The Group ceased dining business during the year ended 31 March 2020 and reclassified as discontinued operation for the periods ended 30 September 2020 and 2019.

(a) Segment revenue and results

Segment results represent the loss before taxation by each segment and excluding fair value change of investment properties and financial assets at FVTPL, provision for impairment on property, plant and equipment, unallocated expenses and unallocated income. Unallocated expenses mainly included depreciation of property, plant and equipment, finance costs and expected credit losses on financial assets. This is the measure reported to the Executive Directors for the purpose of resource allocation and assessment of segment performance.

5. SEGMENT INFORMATION — Continued

(a) Segment revenue and results — Continued

The following tables set out information about the business and geographical locations of the Group's revenue from external customers.

For the six months ended 30 September 2020

	Continuing operations						Discontinued operation		Total HK\$'000 (Note) (Unaudited)
	Watch distribution			Property investment			Dining business		
	Mainland China and Macau		Other locations	Mainland China		Sub-total HK\$'000 (Unaudited)	Hong Kong HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	
	Hong Kong HK\$'000 (Unaudited)	Macau HK\$'000 (Unaudited)	Other locations HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)	China HK\$'000 (Unaudited)				
REVENUE									
External sales	19,674	20,046	5,828	45,548	4,295	-	49,843	-	49,843
RESULT									
Segment results	(18,783)	(2,507)	795	(20,495)	819	(5,475)	(25,151)	(924)	(26,075)
Fair value change of investment properties							(59,317)	-	(59,317)
Fair value change of financial assets at FVTPL							649	-	649
Provision for impairment on property, plant and equipment							(1,874)	-	(1,874)
Unallocated expenses							(23,223)	-	(23,223)
Unallocated income							20,631	-	20,631
Loss before taxation							(88,285)	(924)	(89,209)
Income tax credit							14,596	-	14,596
Loss for the period							(73,689)	(924)	(74,613)

5. SEGMENT INFORMATION — Continued

(a) Segment revenue and results — Continued

For the six months ended 30 September 2019 (re-presented)

	Continuing operations						Discontinued operation		Total
	Watch distribution			Sub-total	Property investment	Unallocated	Dining business		
	Mainland		Other locations		Mainland	Sub-total	Hong Kong	Total	
	Hong Kong	Macau		China					
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
REVENUE									
External sales	64,882	65,087	13,526	143,495	10,930	-	154,425	802	155,227
RESULT									
Segment results	(14,775)	14,973	(3,023)	(2,825)	(2,685)	(10,347)	(15,857)	(1,357)	(17,214)
Fair value change of investment properties							(5,076)	-	(5,076)
Fair value change of financial assets at FVTPL							30,329	-	30,329
Provision for impairment on property, plant and equipment							(29,705)	(1)	(29,706)
Unallocated expenses							(37,990)	-	(37,990)
Unallocated income							678	-	678
Loss before taxation							(57,621)	(1,358)	(58,979)
Income tax expense							(500)	-	(500)
Loss for the period							(58,121)	(1,358)	(59,479)

Note: The dining business has been reclassified as discontinued operation for the periods ended 30 September 2020 and 2019 and the segment information has been re-presented.

5. SEGMENT INFORMATION — Continued

(b) Disaggregation of revenue

In the following table, revenue from watch distribution and dining business segment is disaggregated by primary geographical markets, major products and service lines and timing on revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's respective reportable segment.

For the six months ended 30 September 2020

	Continuing operations	Discontinued operation	
	Watch distribution	Dining business	Total
	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)
Primary geographical markets			
Hong Kong	19,674	–	19,674
Mainland China and Macau	20,046	–	20,046
Other locations	5,828	–	5,828
	45,548	–	45,548
Major products and services			
Wholesales of watch	33,729	–	33,729
Retail sales of watch	10,776	–	10,776
Repair of watch	1,043	–	1,043
Food and beverage	–	–	–
	45,548	–	45,548
Timing of revenue recognition			
At a point in time	45,548	–	45,548
Transferred over time	–	–	–
	45,548	–	45,548

5. SEGMENT INFORMATION — Continued

(b) Disaggregation of revenue — Continued

For the six months ended 30 September 2019

	Continuing operations	Discontinued operation	Total
	Watch distribution HK\$'000 (unaudited)	Dining business HK\$'000 (unaudited)	HK\$'000 (unaudited)
Primary geographical markets			
Hong Kong	64,882	802	65,684
Mainland China and Macau	65,087	–	65,087
Other locations	13,526	–	13,526
	143,495	802	144,297
Major products and services			
Wholesales of watch	73,020	–	73,020
Retail sales of watch	66,824	–	66,824
Repair of watch	3,651	–	3,651
Food and beverage	–	802	802
	143,495	802	144,297
Timing of revenue recognition			
At a point in time	143,495	802	144,297
Transferred over time	–	–	–
	143,495	802	144,297

6. INCOME TAX CREDIT/(EXPENSE)

	For the six months ended 30 September 2020	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
The charge comprises:		
Current tax		
Hong Kong profits tax	–	–
Other jurisdictions	(234)	(356)
	(234)	(356)
Deferred tax		
Current period	14,830	(180)
Reversal	–	36
	14,596	(500)

6. INCOME TAX CREDIT/(EXPENSE) — Continued

Hong Kong Profits Tax is calculated at 16.5% (30 September 2019: 16.5%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. LOSS FOR THE PERIOD

(a) Continuing operations

Loss for the period has been arrived at after charging/(crediting):

	For the six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(re-presented)
Directors' remuneration	2,987	5,719
Other staff costs	12,275	22,121
Other staff's retirement benefits scheme contributions	305	444
Total staff costs	15,567	28,284
Depreciation of property, plant and equipment	19,503	24,402
Interest on lease liabilities	2,408	3,159
Short-term leases expenses	363	13,487
Variable lease payments	499	416
Rent concession	(15,707)	–
Provision for impairment loss on property, plant and equipment	1,874	29,705
(Reversal of)/provision for expected credit losses on financial assets	(94)	7,779
Cost of inventories recognised as an expense (including write-down of inventories HK\$8,739,000 (2019: HK\$9,576,000))	49,218	100,240
Government subsidy	(3,148)	–
Interest income	(159)	(298)

7. LOSS FOR THE PERIOD — Continued

(b) Discontinued operation

On 19 January 2020, the Group closed the dining business upon the expiry of its tenancy agreement. The financial performance during the period ended 30 September 2020 are as follows:

	1 April 2020 to 31 May 2020	1 April 2019 to 30 September 2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Turnover	–	802
Expenses	(924)	(2,160)
Loss before taxation	(924)	(1,358)
Income tax expense	–	–
Loss for the period from discontinued operation	(924)	(1,358)

8. DIVIDEND

The directors of the Company have decided not to declare the payment of any interim dividend for the six months ended 30 September 2020 (30 September 2019: Nil).

No final dividend for the year ended 31 March 2020 was declared and paid during the period (31 March 2019: Nil).

9. LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	For the six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the purpose of basic and diluted earnings per share	(74,613)	(59,479)
Number of shares: Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	6,043,950,000	6,043,950,000

Diluted loss per share for the six months ended 30 September 2020 and 2019 are the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the periods.

From continuing operations

	For the six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the purpose of basic and diluted earnings per share	(73,689)	(58,121)
Number of shares: Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	6,043,950,000	6,043,950,000

9. LOSS PER SHARE — Continued

From discontinued operation

	For the six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the purpose of basic and diluted earnings per share	(924)	(1,358)
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	6,043,950,000	6,043,950,000

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group entered into leases for shops with right-of-use assets amounted to approximately HK\$13,291,000 (30 September 2019: HK\$33,092,000) recognised.

During the period, additions to the Group's property, plant and equipment amounted to approximately HK\$11,204,000 (30 September 2019: HK\$911,000) which mainly included the additions to leasehold improvements amounting to approximately HK\$9,124,000 (30 September 2019: HK\$814,000) for renovation of shops.

The Group performed an impairment assessment on property, plant and equipment in accordance with the accounting policy on impairment of non-financial assets. Based on the assessment, an impairment loss of HK\$1,874,000 (30 September 2019: HK\$29,706,000) was recognised and charged to the interim condensed consolidated statement of profit or loss and other comprehensive income for the 6 months period ended 30 September 2020. The recoverable amounts of these property, plant and equipment using value in use calculation were determined by the discounted cash flows generated from each segment based on a management budget plan and a pre-tax discount rate of 17%.

Right-of-use assets amounted to HK\$42,644,000 and other property, plant and equipment amounted to HK\$11,753,000 were recognised as at 30 September 2020.

11. INVESTMENT PROPERTIES

	HK\$'000
At 1 April 2019	728,544
Fair value change	(25,205)
Exchange realignment	(46,021)
At 31 March 2020 (audited)	657,318
Fair value change	(59,317)
Exchange realignment	26,291
At 30 September 2020 (unaudited)	624,292

The Group's investment properties are measured using the fair value model and are leased to third parties under operating leases to earn rental income.

The fair value of the Group's investment properties as at 30 September 2020 has been derived from the valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"). JLL is an independent qualified professional valuer to the Group. It has appropriate qualifications and recent experiences in the valuation of properties in the PRC.

The valuation of the investment properties as at 30 September 2020 is determined by using the Income Approach (31 March 2020: Income Approach), by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties.

The fair value of investment properties of the Group is derived by Level 3 recurring fair value measurement as at 30 September 2020 and 31 March 2020.

There was no transfer into or out of Level 3 during the period. A reconciliation of the opening and closing Level 3 fair value balance is provided below:

	HK\$'000
At 1 April 2019 (Level 3 recurring fair value)	728,544
Change in fair value recognised in profit or loss	(25,205)
Exchange realignment	(46,021)
At 31 March 2020 (audited) (Level 3 recurring fair value)	657,318
Change in fair value recognised in profit or loss	(59,317)
Exchange realignment	26,291
At 30 September 2020 (unaudited) (Level 3 recurring fair value)	624,292

11. INVESTMENT PROPERTIES — Continued

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

At 30 September 2020

Properties	Location	Fair value hierarchy	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Units A and A1 of Level 1 and the entire floor of Level 2 of HP Tower (“Property A”)	No. 112 Jianguo Road, Chaoyang District, Beijing, the PRC	Level 3	Income Approach	Current Daily Rent	RMB8.29 per square metre (“psm”) to RMB16.80 psm	The higher the current daily rent, the higher the fair value
				Daily Market Rent	RMB10.14 psm to RMB18.20 psm	The higher the daily market rent, the higher the fair value
				Term Yield	4.5%	The higher the term yield, the lower the fair value
				Reversionary Yield	5%	The higher the reversionary yield, the lower the fair value
Dong Shan Shu, Building 1 (“Property B”)	No. 7 East 4th Ring North Road, Chaoyang District, Beijing, the PRC	Level 3	Income Approach	Current Daily Rent	N/A	The higher the current daily rent, the higher the fair value
				Daily Market Rent	RMB11.44 psm to RMB17.60 psm	The higher the daily market rent, the higher the fair value
				Term Yield	4.5%	The higher the term yield, the lower the fair value
				Reversionary Yield	5%	The higher the reversionary yield, the lower the fair value

11. INVESTMENT PROPERTIES — Continued

At 31 March 2020

Properties	Location	Fair value hierarchy	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Units A and A1 of Level 1 and the entire floor of Level 2 of HP Tower (“Property A”)	No. 112 Jianguo Road, Chaoyang District, Beijing, the PRC	Level 3	Income Approach	Current Daily Rent	RMB8.29 per square metre (“psm”) to RMB16.80 psm	The higher the current daily rent, the higher the fair value
				Daily Market Rent	RMB10.5 psm to RMB18.50 psm	The higher the daily market rent, the higher the fair value
				Term Yield	4.5%	The higher the term yield, the lower the fair value
				Reversionary Yield	5%	The higher the reversionary yield, the lower the fair value
Dong Shan Shu, Building 1 (“Property B”)	No. 7 East 4th Ring North Road, Chaoyang District, Beijing, the PRC	Level 3	Income Approach	Current Daily Rent	N/A	The higher the current daily rent, the higher the fair value
				Daily Market Rent	RMB13.20 psm to RMB20.30 psm	The higher the daily market rent, the higher the fair value
				Term Yield	4.5%	The higher the term yield, the lower the fair value
				Reversionary Yield	5%	The higher the reversionary yield, the lower the fair value

The fair value measurement is based on the highest and best use of the investment properties, which does not differ from their actual use. Property A and Property B are used for office and commercial purposes respectively.

Rental income of HK\$4,295,000 was recognised during the period ended 30 September 2020 (30 September 2019: HK\$10,930,000).

12. FINANCIAL ASSETS AT FVTPL

	Notes	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited) (re-presented)
Other long term investment	(a)	48,125	46,933
Listed equity securities in Hong Kong	(b)	652	1,195
Suspended and delisted equity securities in Hong Kong	(b)	3,390	3,390
		52,167	51,518
Classified as			
Non-current assets		–	7,407
Current assets		52,167	44,111
		52,167	51,518

Notes:

- (a) On 23 May 2017, a wholly-owned subsidiary of the Company (“Party A”), Aquamen Entertainment LLC (“Party B”) and Mr. Zhang Xiaoliang (the “Guarantor”) entered into a cooperation agreement (“Cooperation Agreement”), pursuant to which Party A would invest HK\$45 million in a film project being developed by Party B. The investment is classified as financial assets at fair value through profit or loss.

On 30 May 2019, Party A, Party B and the Guarantor entered into a supplemental agreement (the “Supplemental Agreement”). Based on the terms of the Cooperation Agreement and the Supplemental Agreement, Party B would return the investment amount of HK\$45 million to Party A on or before 31 March 2021. Furthermore, Party A shall receive an investment return from Party B on or before 30 September 2021 at the higher of proportionate sharing of net profit or 20% of the investment amount.

- (b) The fair value of listed equity securities are based on quoted market prices, except for certain listed equity securities whose trading on the Stock Exchange has been suspended or delisted by the Securities and Futures Commission (the “Suspended and Delisted Shares”).

13. FINANCIAL ASSETS AT FVOCI

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Listed equity securities in Hong Kong	23,459	17,119

14. TRADE AND OTHER RECEIVABLES

The Group's trade and other receivables, net of expected credit loss allowances, are as follows:

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Trade receivables	11,690	6,025
Other receivables, deposits and prepayments	45,820	42,159
	57,510	48,184
Classified as		
Non-current assets		
— Other receivables	3,746	5,431
Current assets		
— Trade receivables	11,690	6,025
— Other receivables, deposits and prepayments	42,074	36,728
	53,764	42,753
	57,510	48,184

14. TRADE AND OTHER RECEIVABLES — Continued

The following is an aged analysis of trade receivables based on the invoice dates at the end of the reporting period:

	HK\$'000	HK\$'000
Within 30 days	9,492	4,881
31–90 days	2,198	1,095
91–120 days	–	49
	11,690	6,025

The Group generally allows a credit period ranging from 30 to 90 days to its trade customers.

As at 30 September 2020, loss allowances of HK\$339,000 were made against the gross amount of trade receivables (31 March 2020: HK\$14,479,000).

As at 30 September 2020, loss allowances of HK\$2,267,000 were made against the gross amount of other receivables (31 March 2020: HK\$2,462,000).

15. TRADE AND OTHER PAYABLES

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Trade payables	42,108	37,816
Other payables and accrued charges	74,595	88,150
	116,703	125,966

The following is an aged analysis of trade payables based on the invoice dates:

	HK\$'000	HK\$'000
Within 90 days	6,261	11,760
91–365 days	28,783	22,378
Over 365 days	7,064	3,678
	42,108	37,816

16. AMOUNT DUE FROM/TO RELATED PARTIES

As at 30 September 2020, amounts due from/to related parties were unsecured, non-interest bearing and repayable within 1 year.

17. NOTE PAYABLE

On 13 February 2018, the Group entered into a sale and purchase agreement (the “Agreement”) with Allied Crown Investment Limited (the “Vendor”) to acquire Allied Champion Development Limited with investment properties. The total consideration was HK\$350 million. A promissory note with principal amount of HK\$150 million was issued by the Company on the Completion date of 30 April 2018 as partial settlement of the consideration for the acquisition.

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Classified as		
Current liability	150,000	149,581

The promissory note is unsecured and non-interest bearing. It is measured at amortised cost using the effective interest method. During the year ended 31 March 2020, the Vendor assigned the promissory note to an independent third party with the principal amount and the terms remained the same.

On 29 April 2020, the Company and the holder of the Promissory Note consented to extension of the maturity date under the Promissory Note from 30 April 2020 to 31 August 2020 (by executing a Deed of Extension which serves as a supplemental to the Promissory Note). The Company further obtained a deed of undertaking from the holder of the Promissory Note who has agreed not to demand for repayment of the Promissory Note unless the Company has adequate capital resources before 30 June 2021. All other terms in the Promissory Note shall remain valid and in force.

18. SHARE CAPITAL

	Number of Shares	Share capital HK\$'000
Authorised:		
— Ordinary shares of HK\$0.02 each	20,000,000,000	400,000
Issued and fully paid:		
At 1 April 2019, 31 March 2020, 1 April 2020 and 30 September 2020		
— Ordinary shares of HK\$0.02 each	6,043,950,000	120,879

19. CAPITAL COMMITMENT

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Capital expenditure in respect of property, plant and equipment contracted for but not provided	2,057	369

20. FINANCIAL INSTRUMENTS

The following table shows the carrying amount and fair value of financial assets and liabilities:

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited) (re-presented)
Financial assets		
FVTPL		
— Other long term investment	48,125	46,933
— Listed equity investments	652	1,195
— Suspended and Delisted Shares	3,390	3,390
FVOCI		
— Listed equity investments	23,459	17,119
Amortised cost		
— Bank balances and cash	44,437	43,616
— Trade and other receivables	46,576	43,204
— Amounts due from related parties	–	258
Financial liabilities		
Amortised cost		
— Trade and other payables	99,506	106,421
— Amounts due to related parties	2,378	1,919
— Loan from a shareholder	42,000	15,000
— Note payable	150,000	149,581
— Lease liabilities	81,013	86,905

20. FINANCIAL INSTRUMENTS — Continued

Fair value measurements of financial instruments

A number of assets and liabilities included in these interim condensed consolidated financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilised market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "Fair Value Hierarchy"):

Level 1: Quoted prices in active markets for identical items (unadjusted);

Level 2: Observable direct or indirect inputs other than Level 1 inputs;

Level 3: Unobservable inputs (I.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include bank balances and cash, trade and other receivables, amounts due from/to related parties, trade and other payables, loan from a shareholder, note payable and lease liabilities.

(b) Financial instruments measured at fair value

The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 1, 2 and Level 3 financial instruments, as well as the relationship between key observable inputs and fair value are set out below.

20. FINANCIAL INSTRUMENTS — Continued

(b) Financial instruments measured at fair value — Continued

Financial assets at fair value through profit or loss:

The Group's financial assets at FVTPL represent the investment in the film project and listed equity investments. The fair value of other long term investment in the film project is estimated using a discounted cash flow method, with significant unobservable input including discount rate.

Significant unobservable input

Discount rate 13.85%

If the discount rate is 1% higher/lower while all other variables were held constant, the carrying amount of the other long term investment would decrease/increase by approximately HK\$441,000/HK\$449,000 respectively as at 30 September 2020.

The classification of the measurement of other long term investment as at 30 September 2020 is determined using Level 3 of fair value hierarchy.

The classification of the measurement of listed equity investments as at 30 September 2020 is determined using Level 1 of fair value hierarchy, except for certain listed securities, the trading of which on the Stock Exchange has been suspended or delisted by the Securities and Future Commission (the "Suspended and Delisted Shares") as disclosed in note 12(b). The fair values of these Suspended and Delisted Shares are based on the reference to market comparable companies. The valuation methods are based on assumptions that are not supported by observable market prices or rates. The valuation requires making estimates about the movements of share prices of other comparable companies during the suspension and discounted for lack of marketability. Management believes that the estimated fair value resulting from the valuation technique is reasonable, and that it was the most appropriate value at the end of the reporting period.

20. FINANCIAL INSTRUMENTS — Continued

(b) Financial instruments measured at fair value — Continued

If the share price of delisted shares is 10% higher/lower while all other variables were held constant, the carrying amount of the delisted shares would decrease/increase by approximately HK\$59,000/HK\$Nil as at 30 September 2020.

If the discount for lack of marketability is 10% higher/lower while all other variables were held constant, the carrying amount of the delisted shares would decrease/increase by approximately HK\$184,000 as at 30 September 2020.

If the enterprise value to revenue multiple of suspended shares is 10% higher/lower while all other variables were held constant, the carrying amount of the suspended shares would increase/decrease by approximately HK\$40,000 as at 30 September 2020.

If the discount for lack of marketability is 10% higher/lower while all other variables were held constant, the carrying amount of the suspended shares would decrease/increase by approximately HK\$324,000 as at 30 September 2020.

There were no changes in valuation techniques in the current and prior periods.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

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

20. FINANCIAL INSTRUMENTS — Continued

(b) Financial instruments measured at fair value — Continued

	(unaudited)			
	30 September 2020			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at FVTPL				
— Other long term investment	–	–	48,125	48,125
— Listed equity investments	652	–	–	652
— Suspended and Delisted Shares	–	–	3,390	3,390
Financial assets at FVOCI				
— Listed equity investments	23,459	–	–	23,459

	(audited)			
	(re-presented)			
	31 March 2020			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at FVTPL				
— Other long term investment	–	–	46,933	46,933
— Listed equity investments	1,195	–	–	1,195
— Suspended and Delisted Shares	–	–	3,390	3,390
Financial assets at FVOCI				
— Listed equity investments	17,119	–	–	17,119

During the six months ended 30 September 2020, there was no transfer between Level 1 and Level 2 fair value hierarchy (31 March 2020: Nil) or transfer into or out of level 3 (31 March 2020: Nil).

20. FINANCIAL INSTRUMENTS — Continued

(b) Financial instruments measured at fair value — Continued

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

Suspended and Delisted Shares	Financial assets at FVTPL 30 September 2020 HK\$'000
At 1 April 2020	3,390
Fair value change:	
— in profit or loss (included in fair value change of financial assets at FVTPL)	—
At 30 September 2020	3,390

Other long term investment	Financial assets at FVTPL 30 September 2020 HK\$'000
At 1 April 2020	46,933
Fair value gain:	
— in profit or loss (included in fair value change of financial assets at FVTPL)	1,192
At 30 September 2020	48,125

21. RELATED PARTY TRANSACTIONS

During the period, the Group had the following major transactions with the following related parties:

	For the six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Sales to related companies	245	1,196
Purchases from a related company	1,521	2,513
Administrative service fee paid to a related company	120	120
Financial advisory fee paid to a related company	–	179
Brokerage fee paid to a related company	–	137
Regional branding support income from a related company	67	69
Interest paid to a shareholder	986	–
Rental and other related expenses paid to a related company	3,576	4,306

A shareholder of the Company is also a director and shareholder of the related company.

22. EVENTS AFTER THE REPORTING PERIOD

Impact of COVID-19

The COVID-19 epidemic has continued to spread and impact global business and economic activities, which resulted in significant decrease in revenue of the Group. The Group has already assessed the overall impact of the situation on the operation of the Group and taken all possible effective measures to limit and keep the impact in control. The Group will continue to closely monitor the development of the situation, evaluate its impact on the financial position and operating results of the Group and make timely response and adjustments in the future.

23. APPROVAL OF UNAUDITED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 27 November 2020.

