



**State Energy Group International
Assets Holdings Limited**
國能集團國際資產控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 918



2021

INTERIM REPORT

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MANAGEMENT COMMENTARY

The board (the “**Board**”) of directors (the “**Directors**”) of State Energy Group International Assets Holdings Limited (the “**Company**”) presents the interim report and the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2021, together with the comparatives.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in sourcing, subcontracting, marketing and selling of garments and sportswear products (i.e. the **“Garment Business”**), property investment (i.e. the **“Property Business”**) and the provision of marketing services (i.e., the **“Marketing Business”**).

GARMENT BUSINESS

The Group carries on the business of sourcing, subcontracting and trading of garments and sportswear products in the PRC which are then exported to overseas market. The Group has started the export of wax print clothes to Africa, which are fabric mostly used for traditional clothing in Africa, since December 2017.

In December 2018, the Group has expanded the garment business to sourcing, subcontracting, designing, selling and distribution of outerwear garments and sportswear products in Hong Kong, especially licensed products under the brand of bearing the brand names **“ACCAPI”**, an Italian brand and distribution of sportswear products under the brand name of **“Super X”**, a Hong Kong brand respectively (the **“ACCAPI Business”**).

PROPERTY INVESTMENT

As at 30 September 2021, the Group held six investment properties located in the PRC and five investment properties (including three car parking spaces) located in Hong Kong for generating rental income purposes (the **“Investment Properties”**). As at 30 September 2021, other than one car parking space, all remaining investment properties were fully leased out. As at 30 September 2021, the value of investment properties of the Company amounted to approximately HK\$119.2 million.

MARKETING AND PROMOTIONAL SERVICES

In 2020, leveraging on the experience of the marketing division of the Garment Business of the Group in promoting its licensed brands ACCAPI and Super X, the Group has commenced to offer marketing and promotional services at online and offline platforms for external customers and a related company. The Company expanded its marketing division, targeting to provide services including market analysis, planning of marketing and promotional campaigns, new product launching, product development and market positioning, setting up and management of online shops, design of advertisements and promotional materials, product packaging designs, and displays of physical and online shops, etc. The marketing division is also engaged in organising events such as annual meetings, product launch or marketing conferences, roadshows and exhibitions for external customers.

FINANCIAL REVIEW

REVENUE

The Group recorded revenue of approximately HK\$113.8 million for the six months ended 30 September 2021, representing an increase of approximately HK\$5.3 million (4.9%) as compared to that of approximately HK\$108.5 million for the six months ended 30 September 2020. Revenue derived from the Garment Business increased by approximately HK\$6.3 million (6.8%) from approximately HK\$92.1 million for the six months ended 30 September 2020 to approximately HK\$98.4 million for the six months ended 30 September 2021 mainly due to expansion of the Brand Business as a result of increasing number of orders. Revenue derived from Property Business decreased by approximately 9.1% from approximately HK\$2.2 million for the six months ended 30 September 2020 to approximately HK\$2.0 million for the six months ended 30 September 2021.

Revenue derived from the Marketing Business was in the sum of approximately HK\$13.4 million for the six months ended 30 September 2021 representing a decrease of 5.6% as compared to HK\$14.2 million for the corresponding period ended 30 September 2020.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group recorded a gross profit of approximately HK\$12.7 million in respect of the Garment Business for the six months ended 30 September 2021, representing a decrease of approximately HK\$1.3 million (9.3%) compared to approximately HK\$14.0 million for the six months ended 30 September 2020. The gross profit margin of the Garment Business was approximately 12.9% for the six months ended 30 September 2021 compared to approximately 15.3% for the six months ended 30 September 2020. The decrease was due to the orders of products with higher profit margin has slightly decreased during this period.

The Group recorded a gross profit of approximately HK\$2.0 million in respect of the Property Business for the six months ended 30 September 2021, representing a drop of approximately 9.1% as compared to approximately HK\$2.2 million for the six months ended 30 September 2020.

The Group recorded a gross profit of approximately HK\$3.4 million in respect of the Marketing Business for the six months ended 30 September 2021 representing a decrease of 12.8% as compared to HK\$3.9 million for the corresponding period ended 30 September 2020.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses decreased by approximately 42.4% from approximately HK\$3.3 million for the six months ended 30 September 2020 to approximately HK\$1.9 million for the six months ended 30 September 2021. The decrease was mainly due to reduction in staff costs in selling expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

ADMINISTRATIVE EXPENSES

Administrative expense decreased by approximately 24.4% from approximately HK\$7.8 million for the six months ended 30 September 2020 to approximately HK\$5.9 million for the six months ended 30 September 2021. The decrease was mainly due to decrease in legal and professional fee related to several potential acquisition projects and reduction in staff costs as a result of reorganisation of the Group.

CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES

The change in fair value change of investment properties of approximately HK\$0.7 million for the six months ended 30 September 2021 represented fair value adjustment of the Group's properties located in Hong Kong and the PRC as at 30 September 2021.

FINANCE COST

Finance cost decreased by approximately 89.5% from approximately HK\$1.9 million for the six months ended 30 September 2020 to approximately HK\$0.2 million for the six months ended 30 September 2021. This was mainly due to an decrease in interest from amounts due to a related company and bank borrowings for general working capital of the Group.

PROSPECT

Recently, the Group has expanded the Garment Business to sourcing, designing, selling and distribution of outerwear garments and sportswear products in Hong Kong and the PRC, especially licensed products under the brand bearing the brand names of "ACCAPI", an Italian brand and distribution of sportswear products under the brand name of "Super X", a Hong Kong brand respectively. The Group will continue to expand the product range, develop and explore products with higher profit margins, extend its distribution channels and customer base and develop worldwide market for its trading business.

In 2020, the Company started providing Marketing Business by expanding its marketing division, targeting to provide services including market analysis, planning of marketing and promotional campaigns, new product launching, product development and market positioning, setting up and management of online shops, design of advertisements and promotional materials, product packaging designs, and displays of physical and online shops, etc. The marketing division is also engaged in organising events such as annual meetings, product launch or marketing conferences, roadshows and exhibitions for external customers.

The Group will continue to look for new business opportunities to diversify its business in order to generate better returns for the shareholders of the Company. The Board believe that the Group's business will grow gradually and the Company will be able to maintain the listing of the shares on the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND FINANCIAL RATIO

During the six months ended 30 September 2021, the Group financed its operations and investments mainly by internally generated funds and debt financing.

Cash Position

The Group had total cash and bank balances of approximately HK\$24.9 million as at 30 September 2021 (31 March 2021: approximately HK\$7.6 million).

Bank and other borrowings

As at 30 September 2021, the Group did not have any bank and other borrowings.

As of 31 March 2021, bank and other borrowings of the Group amounted to approximately HK\$156.6 million, which represented shareholder's loans of approximately HK\$156.6 million. All bank and other borrowings of approximately HK\$156.6 million are repayable within one year or on demand.

Leverage

The ratio of current assets to current liabilities of the Group was approximately 2.61 as at 30 September 2021 compared to approximately 0.86 as at 31 March 2021. The improvement of current ratio was mainly due to the increase in trade and other receivables and cash and cash equivalents together with the effect of the decrease in amount due to a shareholder. The Group's gearing ratio as at 30 September 2021 was approximately 0.0% (31 March 2021: approximately 134.7%), which is calculated based on the Group's bank and other borrowings of HK\$Nil (31 March 2021: approximately HK\$156.6 million) and the Group's total equity of approximately HK\$324.1 million (31 March 2021: approximately HK\$116.3 million). The decrease in gearing ratio was mainly due to the decrease in bank and other borrowings.

INTERIM DIVIDENDS

The Board does not recommend declaring any interim dividends for the six months ended 30 September 2021 (for the six months ended 30 September 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

RISK MANAGEMENT

Our principal financial instruments include trade receivables, deposits and other receivables, loan receivables, cash and cash equivalents, trade and other payables and lease liabilities. We also have various financial assets and financial liabilities arising from our business operations. Our financial instruments are mainly subject to foreign currency risk, credit risk and liquidity risk. We aim to minimise these risks and hence maximise investment returns.

Foreign currency risk

The monetary assets and liabilities and business transaction of the Group are mainly based on Hong Kong dollars, RMB and United States dollars (“USD”). In view of the stability of the exchange rate between these currencies, the Directors do not consider that the Group was significantly exposed to foreign exchange risk for the six months ended 30 September 2021. The Group manages its foreign exchange risk by performing regular reviews of the Group’s net foreign exchange exposures and to mitigate the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. During the six months ended 30 September 2021 and 2020, no forward foreign exchange or hedging contracts had been entered into by the Group. The Group will continue to evaluate the Group’s foreign currency exposure and take actions as appropriate.

Credit risk

The Group’s credit exposure generally arises from counterparty risk in the course of engaging in the Garment Business, the Property Business and the Marketing Business. As at 30 September 2021, trade receivables and trade payables of the Group were approximately HK\$184.5 million and HK\$93.3 million (31 March 2021: approximately HK\$154.9 million and approximately HK\$70.1 million), respectively. The Group has a policy in financial risk management to ensure settlement of all receivables and payables during the credit period.

Liquidity risk

Liquidity risk is the risk that funds will not meet liabilities as they fall due. This may arise from mismatches in amounts or time with regard to the maturity of financial assets and liabilities. The objectives of the Group’s liquidity risk management are: (1) maintaining the liquidity to support Group’s principal business; (2) projecting cash flows and timely monitoring cash and bank balance position; and (3) evaluating the need for financing and, if necessary, securing borrowings to ensure the Group’s liquidity position.

TREASURY POLICIES

As at 30 September 2021, there is no bank and other borrowings (31 March 2021: approximately HK\$156.6 million) were denominated in Hong Kong dollars. The Group's bank loans are subject to floating interest rates while shareholder's loans and loans from related company are subject to fixed interest rates. Cash and cash equivalents held by the Group were mainly denominated in USD, RMB and Hong Kong dollars. The Group currently does not have foreign currency and interest rate hedging policies. However, the management of the Group monitors the foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign exchange and interest rate exposure if needed.

CHARGE OF ASSETS

As of 30 September 2021, the investment properties and leasehold land and buildings in Hong Kong and the PRC held by the Group with an aggregate carrying value of approximately HK\$116.0 million (31 March 2021: approximately HK\$116.7 million) were pledged as first legal charges for the Group's banking facilities.

USE OF NET PROCEEDS FROM THE RIGHTS ISSUE

Reference is made to the announcement of the Company dated 8 April 2021, the circular dated 21 June 2021 and the prospectus dated 2 August 2021 in relation to the rights issue (the "**Rights Issue**") on the basis of three rights shares (the "**Rights Shares**") for every one share of the Company held on 30 July 2021. The aggregate nominal value of the Rights Shares is HK\$5,737,876.62. The Rights Issue became unconditional on 23 August 2021 and that the net proceeds having deducted the professional fees and other related expenses (the "**Net Proceeds**") raised from the Rights Issue were approximately HK\$198.2 million, on such basis, the net price of each Rights Share is approximately HK\$0.34.

MANAGEMENT DISCUSSION AND ANALYSIS

The Net Proceeds received were applied by the Group during the period from the completion date up to 30 September 2021 are as follows:

Use of Net Proceeds:	Planned use of proceeds <i>HK\$' 000</i>	Actual use of proceed from the date that the Rights Issue became unconditional to 30 September 2021 <i>HK\$' 000</i>	Unused amount <i>HK\$' 000</i>	Expected timeline for utilising the remaining net proceeds (Note)
Repayment of the Loan due to a Shareholder	160,500	160,500	—	— from 1 October 2021 to 30 September 2022
Repayment of bank borrowings and general working capital	37,735	19,401	18,334	
Total	198,235	179,901	18,334	

Any net proceeds that were not applied immediately have been placed in the short-term deposits with licensed banks or invested in short term investment products in order to generate higher returns.

Note:

The expected timeline for utilising the remaining net proceeds is based on the best estimation of the Company taking into account, among others, prevailing and future market conditions and business development and needs, and therefore is subject to change.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

The Group had no material acquisition and disposal of subsidiaries or associated companies during the six months ended 30 September 2021.

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group for the six months ended 30 September 2021 are set out in note 4 to the condensed consolidated financial statements attached to this interim report.

CAPITAL COMMITMENTS

The Group did not have any material capital commitment as at 30 September 2021.

CONTINGENT LIABILITIES AND LITIGATION

The Company has executed guarantees for the banking facilities made by its subsidiaries. As at 30 September 2021, the utilised facilities amounted to approximately HK\$12.1 million (31 March 2021: approximately HK\$9.7 million).

Except for the foregoing, as at 30 September 2021, the Group had no other significant contingent liabilities or pending litigation.

STAFF AND REMUNERATION POLICIES

As at 30 September 2021, the Group had a total of 42 employees (31 March 2021: 44 employees). Total staff costs (including Directors' emoluments) for the six months ended 30 September 2021 amounted to approximately HK\$3.6 million (for the six months ended 30 September 2020: approximately HK\$6.3 million). Primary means of remuneration include contributory provident funds, insurance and standard medical benefits. The emoluments of the Directors are decided by the remuneration committee of the Company based on the Company's operating results, individual performance and comparable market statistics. The Group has also adopted an annual discretionary bonus scheme for management and staff subject to the performance of the Group and individual employees. As at 30 September 2021, the Group has no outstanding share options issued to the Directors and employees for the purpose of providing incentives or rewards to the eligible employees for their contribution to the Group.

SIGNIFICANT INVESTMENT

The Group had no significant investment during the six months ended 30 September 2021.

OTHER INFORMATION

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

During the six months ended 30 September 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SHARE OPTION SCHEME

A share option scheme (the "**Share Option Scheme**") which became effective on 28 September 2017 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The maximum number of shares in respect of which options may be granted must not exceed 10% of the issued share capital of the Company as at the date of adoption of the Share Option Scheme. The offer of a grant may be accepted upon payment of a nominal consideration of HK\$1 per acceptance. The exercise period of the share options granted is determinable by the Board, and commences on a specified date and ends on a date which is not later than 10 years from the date of grant of the share options. The exercise price will be determined by the Board, but shall not be less than the highest of (i) the closing prices of the Company's shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a trading day; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

No share options under the above scheme were granted nor exercised during the six months ended 30 September 2021 and no share options were outstanding as at 30 September 2021.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 30 September 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**") (Chapter 571 of the Laws of Hong Kong)) which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to section 352 of Part XV of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), were as follows:

LONG POSITIONS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

Name of Director or chief executive	Nature of interest	Number of issued shares held	Percentage of the issued share capital
Mr. Zhang Jinbing ("Mr. Zhang")	Interest in controlled corporation (<i>Note</i>)	552,238,938 (<i>Note</i>)	72.18%

Note:

Mr. Zhang is the sole beneficial owner of Always Profit Development Limited ("Always Profit"). Mr. Zhang was deemed to be interested in 546,448,493 shares in the Company held by Always Profit pursuant to the SFO.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 September 2021.

SUBSTANTIAL SHAREHOLDERS' INTEREST

So far as is known to the Directors and the chief executives of the Company, as at 30 September 2021, the following persons (other than a Director or chief executive of the Company) had an interest or a short position 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 THE SHARES OR UNDERLYING SHARES OF THE COMPANY

Name of shareholder	Nature of interest	Number of issued shares of the Company held	Approximate percentage of the issued share capital of the Company
Always Profit	Beneficial owner	552,238,938	72.18%

Save as disclosed above, no other person (other than a Director or chief executive of the Company) had any 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 as at 30 September 2021.

OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as contained in Appendix 14 of the Listing Rules during the six months ended 30 September 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company confirmed that all Directors complied with the required standards as set out in the Model Code during the six months ended 30 September 2021.

The Company has also established written guidelines for senior management and employees in certain functions in respect of their dealings in the securities of the Company for their strict compliance. The Company issued notices to all Directors, senior management and relevant employees reminding them to comply with the restriction on dealing of securities of the Company under the above code and guidelines 60 days prior to the publication of the annual results and 30 days prior to the publication of the interim results.

AUDIT COMMITTEE

The principal responsibilities of the audit committee of the Company (the “**Audit Committee**”) include reviewing and supervising of the Group’s financial reporting process, risk management and internal control. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2021 and decided that such statements were properly prepared in accordance with the statutory requirements and applicable accounting standards. The Audit Committee currently comprises of three INEDs, namely Mr. Chow Hiu Tung (Chairman), Mr. Zhao Hangen and Ms. Yang Yanli.

By Order of the Board

State Energy Group International Assets Holdings Limited

Zhang Jinbing

Chairman

Hong Kong

29 November 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		For the six months ended 30 September	
	Notes	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue	4	113,821	108,480
Cost of sales		(95,799)	(88,408)
Gross profit		18,022	20,072
Other net gain	5	168	764
Other income	5	35	2,216
Selling and distribution expenses		(1,876)	(3,313)
Administrative expenses		(5,861)	(7,769)
Impairment losses under expected credit loss model, net of reversal		(317)	68
Impairment loss on leasehold improvement		—	(258)
Impairment loss on right-of-use assets		—	(1,016)
Fair value gain/(loss) on investment properties		687	(312)
Operating profit		10,858	10,452
Finance costs	6	(182)	(1,855)
Profit before taxation	8	10,676	8,597
Income tax expense	10	(1,361)	(961)
Profit for the period		9,315	7,636
Other comprehensive income for the period (net of tax)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		241	214
Item that will not be reclassified to profit or loss:			
Loss on revaluation of land and building held for own use		—	(498)
Total comprehensive income for the period		9,556	7,352

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		For the six months ended 30 September	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
	Notes		
Profit for the period attributable to:			
Owners of the Company		9,315	6,590
Non-controlling interests		—	1,046
		9,315	7,636
Total comprehensive income attributable to:			
Owners of the Company		9,556	6,220
Non-controlling interests		—	1,132
		9,556	7,352
Earnings per share			
— basic (HK cents)	11	2.93	(Restated) 4.13
— diluted (HK cents)		2.93	(Restated) 4.13

The accompanying notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		30 September 2021 <i>(Unaudited)</i> HK\$'000	31 March 2021 <i>(Audited)</i> HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	13	36,092	36,887
Investment properties	14	119,158	118,471
Right-of-use assets	13	390	650
Rental deposit		—	680
		155,640	156,688
Current assets			
Inventories		32,239	27,328
Trade and other receivables	15	206,302	172,693
Loan receivables	16	16,500	—
Cash and cash equivalents		24,869	7,609
		279,910	207,630
Total assets		435,550	364,318
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	17	7,651	95,631
Reserves		316,402	20,631
Total equity		324,053	116,262

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		—	413
Contingent consideration payable		547	547
Rental deposit received		175	771
Deferred tax liabilities		3,654	3,654
		4,376	5,385
Current liabilities			
Trade and other payables	18	98,676	73,934
Contract liabilities		962	4,825
Amount due to a shareholder	19	—	156,627
Lease liabilities		1,405	1,953
Tax payable		6,078	5,332
		107,121	242,671
Total liabilities		111,497	248,056
Total equity and liabilities		435,550	364,318
Net current assets/(liabilities)		172,789	(35,041)
Total assets less current liabilities		328,429	121,647

The accompanying notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to equity holders of the Company												
	Share capital	Share premium	Revaluation reserve	Consolidation reserve	PRC		Capital reserve	Contributed surplus	Other reserve	Retained earnings/		Non-controlling interests	Total
					Statutory Reserve	Translation reserve				(Accumulated losses)	Sub-total		
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Balance at 1 April 2020													
(Audited)	77,540	66,894	10,070	2,214	226	(54)	10,254	-	-	(135,692)	31,452	1,516	32,968
Profit for the period	-	-	-	-	-	-	-	-	-	6,590	6,590	1,046	7,636
Other comprehensive income	-	-	(498)	-	-	128	-	-	-	-	(370)	86	(284)
Total comprehensive income for the period	-	-	(498)	-	-	128	-	-	-	6,590	6,220	1,132	7,352
Balance at 30 September 2020 (Unaudited)	77,540	66,894	9,572	2,214	226	74	10,254	-	-	(129,102)	37,672	2,648	40,320
Balance at 1 April 2021													
(Audited)	95,631	129,957	11,373	2,214	821	263	10,254	-	(5,578)	(128,673)	116,262	-	116,262
Profit for the period	-	-	-	-	-	-	-	-	-	9,315	9,315	-	9,315
Other comprehensive income for the period	-	-	-	-	-	241	-	-	-	-	241	-	241
Total comprehensive income for the period	-	-	-	-	-	241	-	-	-	9,315	9,556	-	9,556
Capital reorganisation	(93,718)	(129,957)	-	-	-	-	-	93,718	-	129,957	-	-	-
Issue of share pursuant to the rights issue	5,738	195,088	-	-	-	-	-	-	-	-	200,826	-	200,826
Transaction costs for the rights issue	-	(2,591)	-	-	-	-	-	-	-	-	(2,591)	-	(2,591)
Balance at 30 September 2021 (Unaudited)	7,651	192,497	11,373	2,214	821	504	10,254	93,718	(5,578)	10,599	324,053	-	324,053

The accompanying notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	For the six months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Net cash used in operating activities	(23,437)	(5,944)
Investing activities		
Interest received	1	1
Deposit received	—	500
Net cash outflow from disposal of subsidiaries	—	(343)
Net cash generated from investing activities	1	158
Financing activities		
Interest on bank borrowings and overdrafts	(160)	(522)
Interest on lease liabilities	(22)	(112)
Proceed from loans from a shareholder	—	38,491
Repayment of loans from a shareholder	(156,627)	(57,086)
Repayment of loans from a related party	—	(18,364)
Proceeds from bank borrowings	—	61,594
Repayment of bank borrowings	—	(11,000)
Repayment of lease liabilities	(961)	(298)
Proceeds from issue of shares pursuant to rights issue	200,826	—
Transaction costs for rights issue	(2,591)	—
Net cash generated from financing activities	40,465	12,703
Net increase in cash and cash equivalents	17,029	6,917
Cash and cash equivalents at beginning of period	7,609	12,272
Effects of exchange rate changes	231	101
Cash and cash equivalents at end of period	24,869	19,290
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	24,869	19,290

The accompanying notes are an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL INFORMATION

The Group is principally engaged in the sourcing, subcontracting, marketing and selling of garments and sportswear products, property investment and provision of marketing services.

The Company is a limited liability company incorporated in Bermuda and its shares (the “Shares”) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Unit 13, 5th Floor, Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong.

These condensed consolidated financial statements has been approved for issue by the Board on 29 November 2021.

These condensed consolidated financial statements are presented in thousands of units of Hong Kong dollar (HK\$'000) unless otherwise stated.

2. BASIS OF PREPARATION

This condensed consolidated financial statements for the six months ended 30 September 2021 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2021, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ended 31 March 2021. Details of any changes in accounting policies are set out in note 3.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2021.

3. ACCOUNTING POLICIES

The HKICPA has issued the following amendments to 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
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

None of these developments 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

4. REVENUE AND SEGMENT INFORMATION

The Group operates mainly in Hong Kong and the PRC and in the following business segments:

- i. Garment business - Sales of garments to both local and overseas customers

The Group satisfies its performance obligation upon delivery of the goods sold to the customers

- ii. Property investment - Investing and letting of properties

- iii. Marketing services – Provision of marketing services.

The Group organises marketing and promotional events. The Group satisfies its performance obligations upon completion of the events. In addition, the Group also provides promotional services for the advertised products specified by the customers in a wide range of online channels. The Group satisfies its obligations upon releases of the promotional products to the online channels.

Segment profit or loss represents the profit or loss from each segment without allocation of central administrative costs, finance costs and professional expenses which are for corporate use purpose.

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, inventories, trade receivables, rental deposits, prepayments and other receivables. They exclude certain cash and cash equivalents and assets used for corporate functions.

Segment liabilities consist primarily of trade and bills payables, other payables and accrued charges, contract liabilities, rental deposit received and lease liabilities. They excluded liabilities which are used for corporate functions including tax payable, contingent consideration payable, amount due to a shareholder and amount due to a related company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 September 2021 and 2020, respectively.

	For the six months ended 30 September 2021			
	Garment business (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Marketing services (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue				
– Sales of garments: recognised at a point in time				
– Africa	51,499	—	—	51,499
– Hong Kong	46,909	—	—	46,909
– Marketing services income: recognised at a point in time				
– PRC	—	—	13,409	13,409
– Rental income: – Hong Kong	—	1,064	—	1,064
– PRC	—	940	—	940
	98,408	2,004	13,409	113,821
Segment operating profit	9,187	1,592	2,375	13,154
Unallocated corporate expenses				(2,296)
Operating profit				10,858
Finance costs				(182)
Profit before taxation				10,676
Income tax expense				(1,361)
Profit for the period				9,315

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

	For the six months ended 30 September 2020			
	Garment business (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Marketing services (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue				
– Sales of garments: recognised at a point in time				
– Africa	33,496	–	–	33,496
– Hong Kong	58,582	–	–	58,582
– Marketing services income: recognised at a point in time				
– PRC	–	–	14,241	14,241
– Rental income: – Hong Kong	–	1,046	–	1,046
– PRC	–	1,115	–	1,115
	<u>92,078</u>	<u>2,161</u>	<u>14,241</u>	<u>108,480</u>
Segment operating profit	6,914	1,842	3,125	11,881
Gain on disposal of subsidiaries				237
Unallocated corporate income				874
Unallocated corporate expenses				<u>(2,540)</u>
Operating profit				10,452
Finance costs				<u>(1,855)</u>
Profit before taxation				8,597
Income tax expense				<u>(961)</u>
Profit for the period				<u>7,636</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The following table presents asset and liability information for the Group's operating segments as at 30 September 2021 and 31 March 2021, respectively:

	As at 30 September 2021			
	Garment business (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Marketing services (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment assets	244,811	121,468	27,836	394,115
Unallocated assets				41,435
Total assets				435,550
Segment liabilities	91,581	360	8,031	99,972
Unallocated liabilities				1,246
Contingent consideration payable				547
Tax payable				6,078
Deferred tax liabilities				3,654
Total liabilities				111,497

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

	As at 31 March 2021			
	Garment business <i>(Audited)</i> <i>HK\$'000</i>	Property investment <i>(Audited)</i> <i>HK\$'000</i>	Marketing Services <i>(Audited)</i> <i>HK\$'000</i>	Total <i>(Audited)</i> <i>HK\$'000</i>
Segment assets	218,171	119,823	24,774	362,768
Unallocated assets				1,550
Total assets				364,318
Segment liabilities	71,806	771	7,696	80,273
Unallocated liabilities				1,623
Amount due to a shareholder				156,627
Contingent consideration payable				547
Tax payable				5,332
Deferred tax liabilities				3,654
Total liabilities				248,056

By geographical segments:

	Revenue For the six months ended 30 September	
	2021 <i>(Unaudited)</i> <i>HK\$'000</i>	2020 <i>(Unaudited)</i> <i>HK\$'000</i>
Africa	51,499	33,496
Hong Kong	47,973	59,628
PRC	14,349	15,356
	113,821	108,480

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

5. OTHER INCOME AND OTHER NET GAIN

	For the six months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Other net gain		
Gain on disposal of subsidiaries	—	237
Net exchange gain	168	527
	168	764
Other income		
Bank interest income	1	1
Government grants	—	840
Commission income	—	450
Management fee income	—	247
Others	34	678
	35	2,216

6. FINANCE COSTS

	For the six months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interest on bank borrowings and overdrafts	160	522
Interest on lease liabilities	22	112
Interest on loans from a related company (Note)	—	1,221
	182	1,855

Note: On 6 November 2018, the amounts of approximately HK\$125,087,000 and its related interests payable due to the Company's then immediate holding company, State Energy HK Limited ("State Energy HK") was assigned to a related company of the Group by a court order.

The interest expense was accrued in accordance with the loan agreements carrying contracted interest rates from nil to 4.25% signed with State Energy HK and the effective interest rates were ranged from 4.25% to 5.75% during the six months ended 30 September 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

7. GAIN ON DISPOSAL OF SUBSIDIARIES

In August 2020, the Company entered into an agreement for the disposal of the subsidiary, Union Beauty Limited (“**Union Beauty**”) for consideration of HK\$10,000. Completion of the disposal was taken place on 10 August 2020.

Union Beauty holds 100% equity interests in Liande Zhihui Technology Limited (“**聯德智慧科技有限公司**”), which was disposed upon the completion of disposal of Union Beauty on 10 August 2020.

The aggregate amounts of the assets and liabilities attributable to the subsidiaries on the date of disposal were as follows:

	<i>HK\$'000</i>
Other receivables and deposits paid	9,949
Bank balances and cash	353
Other payables and deposits received	(10,529)
	<hr/>
Net assets disposed of	(227)
Gain on disposal of subsidiaries	237
	<hr/>
Total consideration	10
	<hr/>
Net cash flow arising on disposal:	
Bank balances and cash received	10
Bank balances and cash disposed of	(353)
	<hr/>
	(343)
	<hr/>

The subsidiaries disposed of during the six months ended 30 September 2020 did not contribute significantly to the results and cash flows of the Group during the six months ended 30 September 2020 prior to the disposal.

8. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging the following:

	For the six months ended 30 September	
	2021	2020
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	95,799	88,408
Depreciation of property, plant and equipment	795	881
Depreciation of right-of-use-assets	260	907
Legal and professional fees	469	286
Staff costs, including directors' emoluments (Note 9)	3,596	6,257
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

9. STAFF COSTS

	For the six months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Salaries, wages and other benefits (including directors' emoluments)	3,467	6,056
Retirement benefit costs	129	201
	3,596	6,257

10. INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

At the end of the reporting period, the Group has unused tax losses of approximately HK\$192,356,000 (31 March 2021: approximately HK\$197,091,000) available for offset against future profits that may be carried forward indefinitely.

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 September	
	2021	2020 (Restated)
Profit attributable to the equity holders of the Company (HK\$'000)	9,315	6,590
Weighted average number of ordinary shares in issue (thousands) (Note 1)	318,060	159,734
Basic earnings per share (HK cents)	2.93	4.13
Diluted earnings per share (HK cents)	2.93	4.13

Notes:

1. The weighted average number of ordinary shares in issue for the period ended 30 September 2020 has been adjusted to reflect retrospectively the capital reorganisation completed on 26 July 2021 and the rights issue completed on 23 August 2021 (Note 17).
2. There were no potential dilutive ordinary shares outstanding during the periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

12. INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2021 (2020: Nil).

13. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 September 2021, the Group did not acquired plant and equipment (2020: Nil).

During the six months ended 30 September 2021, the Group did not entered into any new lease agreements.

During the six months ended 30 September 2021, no impairment loss (2020: impairment loss of approximately HK\$258,000 and HK\$1,016,000) have been recognised in profit or loss for the period in respect of leasehold improvement and right-of-use assets of a retail store respectively as their recoverable amounts exceeds its carrying amounts estimated by the directors of the Company.

The valuation of a land and building held for own use carried at fair value was updated at 30 September 2021 by the directors of the Company using the same valuation techniques as were used by the Group's independent valuer when carrying out the March 2021 valuations.

As a result of the update, no gain or loss (six months ended 30 September 2020: net loss of HK\$498,000) has been recognised in other comprehensive income for the period in respect of land and buildings held for own use.

14. INVESTMENT PROPERTIES

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
At the beginning of the period/year	118,471	121,785
Changes in fair value included in profit or loss for the period/year	687	(3,314)
At the end of the period/year	119,158	118,471

The valuation of investment properties carried at fair value were updated at 30 September 2021 by the directors of the Company using the same valuation techniques as were used by the Group's independent valuer when carrying out the March 2021 valuations.

As a result of the update, a net gain of approximately HK\$687,000 (six months ended 30 September 2020: net loss of approximately HK\$312,000) has been recognised in profit or loss for the period in respect of investment properties.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

15. TRADE AND OTHR RECEIVABLES

	30 September 2021 <i>(Unaudited)</i> HK\$'000	31 March 2021 <i>(Audited)</i> HK\$'000
Trade receivables	188,348	158,369
Less: Allowance for credit losses	(3,820)	(3,503)
	184,528	154,866
Trade receivables, net		154,866
Trade deposits and other receivables, net	20,803	17,285
Prepayments	104	278
Rental, utility and sundry deposits	867	264
	21,774	17,827
Total	206,302	172,693

At the end of the reporting period, the ageing analysis of trade receivables based on the invoice date and net of allowance for credit losses, is as follows:

	30 September 2021 <i>(Unaudited)</i> HK\$'000	31 March 2021 <i>(Audited)</i> HK\$'000
Within 1 month	41,176	15,823
1 to 3 months	38,884	34,160
3 to 6 months	33,861	68,053
Over 6 months	70,607	36,830
	184,528	154,866

The trade receivables were denominated in United States Dollars (“US\$”), HK\$ and Renminbi (“RMB”) (31 March 2021: US\$, HK\$ and RMB).

The majority of the Group’s sales to overseas customers are generally on open account of 120 days (31 March 2021: 120 days) from the date of invoice. The credit period granted to local customers is 90 days (31 March 2021: 90 days). The credit period granted to marketing service customers is ranging from 0 to 5 days (31 March 2021: 0 to 5 days) from the date of completion and due on date of invoice.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

16. LOAN RECEIVABLES

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Loan to an independent third party	16,500	—

Pursuant to the loan agreement made on 20 September 2021 between the Group and the borrower, a loan receivable of HK\$16.5 million which bears interest at a rate of 2% per month for a term of 3 months from the date of the said loan agreement, and secured by personal guarantee from the directors of the borrower.

17. SHARE CAPITAL

	Number of shares	Ordinary shares HK\$'000
Authorised:		
At 31 March 2021 and 1 April 2021		
Ordinary shares of HK\$0.1 each	3,000,000,000	300,000
Capital reorganisation (note i)	27,000,000,000	—
	<hr/>	<hr/>
At 30 September 2021		
Ordinary shares of HK\$0.01 each	30,000,000,000	300,000
	<hr/>	<hr/>
Issued and fully paid:		
At 31 March 2021 and 1 April 2021	956,312,771	95,631
Issue of shares		
– capital reorganisation (note i)	(765,050,217)	(93,718)
– issue of shares pursuant to rights issue (note ii)	573,787,662	5,738
	<hr/>	<hr/>
At 30 September 2021	765,050,216	7,651
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

17. SHARE CAPITAL (CONTINUED)

Notes:

- (i) On 26 July 2021, the Company implemented capital reorganisation (the "Capital Reorganisation"), which involved the following:
- (a) every five issued and unissued existing shares of HK\$0.10 each were consolidated into one share of HK\$0.50 each (the "Share Consolidation");
 - (b) following the Share Consolidation, the par value of the issued share capital of the Company was reduced from HK\$0.50 each to HK\$0.01 each by cancelling the paid-up capital of the Company to the extent of HK\$0.49 on each of the issued shares (the "Capital Reduction"); and
 - (c) immediately following the Capital Reduction, each of the authorised but unissued shares of HK\$0.50 each are sub-divided into 50 new shares of HK\$0.01 each. The new shares in issue immediately following the Capital Reorganisation becoming effective will rank pari passu with each other in all respects.
- As a result of the Capital Reduction, a credit of approximately HK\$93,718,000 deducted from the share capital arose, and was transferred to the contributed surplus account of the Company, together with the amount arising from the reduction of share premium account and any credit which arose as a result of the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation, was applied in full by the Board to set off the accumulated losses of the Company.
- Details of the Capital Reorganisation were contained in the Company's announcements dated 8 April 2021 and 7 July 2021 and the Company's circulars dated 21 June 2021 and 26 July 2021.
- (ii) On 23 August 2021, the Company issued and allotted 573,787,662 ordinary shares of HK\$0.01 each under the rights issue on the basis of three rights shares for every one share of the Company held on 30 July 2021 at the subscription price of HK\$0.35 per rights share, details of which were disclosed in the Company's prospectus dated 2 August 2021 and announcement dated 27 August 2021.
- (iii) The holders of ordinary shares are entitled to receive dividends as declared from time to time and entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

18. TRADE AND OTHER PAYABLES

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Trade payables	81,235	60,385
Bills payables	12,081	9,698
Trade and bills payables	93,316	70,083
Rental deposits received	596	—
Accrued expenses	3,155	3,145
Other payables	1,609	706
	5,360	3,851
Total	98,676	73,934

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

18. TRADE AND OTHER PAYABLES (CONTINUED)

At the end of the reporting period, the ageing analysis of trade payables based on the invoice date is as follows:

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Within 1 month	26,796	9,342
1 to 3 months	16,653	30,422
3 to 6 months	11,211	16,780
Over 6 months	38,656	13,539
	<hr/> 93,316 <hr/>	<hr/> 70,083 <hr/>

All trade and bills payables were mainly denominated in HK\$, US\$, and RMB (31 March 2021: HK\$, US\$, and RMB).

For purchases from overseas suppliers, trade payables are normally settled on terms of 30 to 60 days (31 March 2021: 30 to 60 days) from the date of bill of lading. For purchases from local suppliers, the credit period was 30 days (31 March 2021: 30 days). For marketing service providers, the credit period was 0 day (31 March 2021: 0 day) from the date of completion or date of invoice.

19. AMOUNT DUE TO A SHAREHOLDER

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Due to a shareholder Always Profit Development Limited	<hr/> — <hr/>	<hr/> 156,627 <hr/>

As at 31 March 2021, the balance is unsecured, interest-free and repayable on demand. The amount was fully repaid during the period six months ended 30 September 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

20. BANKING FACILITIES

As at 30 September 2021, the Group's banking facilities amounting to approximately HK\$65,000,000 (31 March 2021: approximately HK\$65,000,000) were secured by the following:

- (a) first legal charge over the Group's investment properties and a land and building in Hong Kong with an aggregate carrying value of approximately HK\$116,008,000 (31 March 2021: approximately HK\$116,700,000);
- (b) corporate guarantees from the Company and certain of its subsidiaries; and
- (c) personal guarantee from the ultimate controlling party Mr. Zhang Jinbing, who is also the Executive Director of the Company.

The Company has executed guarantees with respect to certain banking facilities of its subsidiaries. Such facilities utilised at 30 September 2021 amounted to approximately HK\$12,081,000 (31 March 2021: approximately HK\$9,698,000).

21. CAPITAL COMMITMENTS

At 30 September 2021, the Group has no material capital commitments.

22. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

	Six months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Salaries and other short-term employee benefits	748	974

(b) Financing arrangements

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Amount due to a shareholder	—	156,627

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

22. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party transactions

	Six months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Guangzhou Wyan Culture & Media Co. Ltd. ("Wyan Culture & Media"), a related company in which the executive director of the Company is a director – Marketing service cost	5,670	2,972

(d) Related party balances

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Trade payables from Wyan Culture & Media, a related company in which the executive director of the Company is a director	2,682	147