

INTERIM REPORT

2021



敏捷控股
NIMBLE HOLDINGS

NIMBLE HOLDINGS COMPANY LIMITED

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

(Stock code: 186)

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Tan Bingzhao
Mr. Deng Xiangping

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Hui Yick Lok, Francis

ASSISTANT COMPANY SECRETARY

Ms. Linda Longworth
International Managers Bermuda Ltd.

LEGAL ADVISORS

Stephenson Harwood
Johnnie Yam, Jackie Lee & Co.

AUDITOR

Moore Stephens CPA Limited
Certified Public Accountants
Registered Public Interest
Entity Auditor

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

186

COMPANY'S WEBSITE

www.nimbleholding.com

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS



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To the Board of Directors of Nimble Holdings Company Limited

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

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements of Nimble Holdings Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 5 to 46, which comprise the condensed consolidated statement of financial position as of 30 September 2021, and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed consolidated interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with HKAS 34.

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

SCOPE OF REVIEW

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

CONCLUSION

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

Moore Stephens CPA Limited

Certified Public Accountants

Law Yuen Man, Ida

Practising Certificate Number: P05878

Hong Kong, 26 November 2021

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Nimble Holdings Company Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2021 (the “Period”), together with the comparative figures for the six months ended 30 September 2020 (the “Corresponding Period”) and selected explanatory notes, are stated as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2021

		(Unaudited)	
		Six months ended	
	Notes	30 September 2021 HK\$ million	30 September 2020 HK\$ million (restated)
Continuing operations			
REVENUE	7	127	70
Cost of sales		(114)	(58)
		13	12
Gross profit		3	4
Other income		(23)	(13)
Selling and distribution expenses		(51)	(35)
Administrative expenses		—*	—*
Finance costs	8		
		(58)	(32)
LOSS BEFORE TAXATION	9	(58)	(32)
Income tax charge	10	(2)	(2)
		(60)	(34)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(60)	(34)
Discontinued operations			
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS	25	(7)	—

CONDENSED CONSOLIDATED INCOME STATEMENT (continued)*For the six months ended 30 September 2021*

	(Unaudited)	
	Six months ended	
Notes	30 September 2021 HK\$ million	30 September 2020 HK\$ million (restated)
LOSS FOR THE PERIOD	(67)	(34)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:		
Shareholders of the Company		
– From continuing operations	(49)	(23)
– From discontinued operations	(7)	–
	(56)	(23)
Non-controlling interests		
– From continuing operations	(11)	(11)
– From discontinued operations	–*	–*
	(11)	(11)
	(67)	(34)

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

CONDENSED CONSOLIDATED INCOME STATEMENT (continued)*For the six months ended 30 September 2021*

		(Unaudited)	
		Six months ended	
	Notes	30 September 2021 HK\$ million	30 September 2020 HK\$ million (restated)
LOSS PER SHARE	12	HK cents	HK cents
From continuing and discontinued operations			
– Basic and diluted		(1.02)	(0.42)
From continuing operations			
– Basic and diluted		(0.89)	(0.42)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	(Unaudited)	
	Six months ended	
Notes	30 September 2021 HK\$ million	30 September 2020 HK\$ million (restated)
LOSS FOR THE PERIOD	(67)	(34)
OTHER COMPREHENSIVE INCOME, NET OF TAX:		
– Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of overseas/PRC subsidiaries	4	2
– Items that was reclassified to profit or loss:		
Exchange differences reclassified to profit or loss upon disposal of subsidiaries	1	–
	5	2
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(62)	(32)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

For the six months ended 30 September 2021

	(Unaudited)	
	Six months ended	
Notes	30 September 2021 HK\$ million	30 September 2020 HK\$ million (restated)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO:		
Shareholders of the Company		
– From continuing operations	(45)	(21)
– From discontinued operations	(7)	–
	<u>(52)</u>	<u>(21)</u>
Non-controlling interests		
– From continuing operations	(10)	(11)
– From discontinued operations	–*	–*
	<u>(10)</u>	<u>(11)</u>
	<u>(62)</u>	<u>(32)</u>

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	(Unaudited) As at 30 September 2021 HK\$ million	(Audited) As at 31 March 2021 HK\$ million
NON-CURRENT ASSETS			
Plant and equipment		4	1
Right-of-use assets		5	3
Deferred tax assets		2	1
Brands and trademarks	13	–	–
Other assets		1	1
		12	6
CURRENT ASSETS			
Inventories		23	18
Properties under development	14	6,616	5,769
Accounts receivable	15	86	70
Prepayments, deposits and other receivables	16	105	37
Tax recoverable		–	1
Cash and bank balances	17	799	430
		7,629	6,325
Assets classified as held for sale	25	–	90
		7,629	6,415
CURRENT LIABILITIES			
Accounts payable	18	510	1,598
Contract liabilities	19	1,093	282
Accrued liabilities and other payables		38	23
Interest-bearing bank loans	20	85	2
Amount due to a related party	21(a)	1,664	1,584
Lease liabilities		3	2
Tax liabilities		8	5
		3,401	3,496

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 September 2021

	Notes	(Unaudited) As at 30 September 2021 HK\$ million	(Audited) As at 31 March 2021 HK\$ million
Liabilities associated directly with assets classified as held for sale	25	–	25
		3,401	3,521
NET CURRENT ASSETS		4,228	2,894
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	20	960	–
Amounts due to related parties	21(b)	2,530	1,910
Amount due to a non-controlling shareholder	21(c)	300	477
Tax liabilities		12	14
Lease liabilities		2	1
		3,804	2,402
NET ASSETS		436	498
CAPITAL AND RESERVES			
Share capital	23	55	55
Share premium		386	386
Deficit in reserves		(119)	(67)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		322	374
NON-CONTROLLING INTERESTS		114	124
TOTAL EQUITY		436	498

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Share capital HK\$ million	Share premium HK\$ million	Contributed reserve** HK\$ million	Statutory reserve** HK\$ million	Exchange fluctuation reserve/ (deficit)** HK\$ million	Other reserve** HK\$ million	Accumulated deficits** HK\$ million	Equity attributable to the shareholders of the Company HK\$ million	Non-controlling interests HK\$ million	Total equity HK\$ million
At 1 April 2021	55	386	193	2	1	22	(285)	374	124	498
Loss for the period	-	-	-	-	-	-	(56)	(56)	(11)	(67)
Exchange differences arising on translation of financial statements of overseas/ PRC subsidiaries	-	-	-	-	3	-	-	3	1	4
Exchange differences reclassified to profit or loss upon disposal of subsidiaries	-	-	-	-	1	-	-	1	-	1
Total comprehensive income/(loss) for the period	-	-	-	-	4	-	(56)	(52)	(10)	(62)
Appropriation to statutory reserve	-	-	-	1	-	-	(1)	-	-	-
At 30 September 2021 (unaudited)	55	386	193	3	5	22	(342)	322	114	436
At 1 April 2020	55	386	193	1	(2)	22	(198)	457	37	494
Loss for the period	-	-	-	-	-	-	(23)	(23)	(11)	(34)
Exchange differences arising on translation of financial statements of overseas/ PRC subsidiaries	-	-	-	-	2	-	-	2	-	2
Total comprehensive income/(loss) for the period	-	-	-	-	2	-	(23)	(21)	(11)	(32)
At 30 September 2020 (unaudited)	55	386	193	1	-	22	(221)	436	26	462

** These accounts comprise deficit in reserves of approximately HK\$119 million (30 September 2020: approximately HK\$5 million) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

		(Unaudited)	
		Six months ended	
	Notes	30 September 2021 HK\$ million	30 September 2020 HK\$ million
OPERATING ACTIVITIES			
Operating cash flows before movements in working capital		(66)	(34)
(Decrease)/increase in accounts payable		(1,117)	4
Increase in properties under development		(616)	(60)
Increase in contract liabilities		805	96
Increase in prepayments for acquisition of land use rights		–	(460)
Other movements in working capital		(46)	(123)
		(1,040)	(577)
Cash used in operations		(17)	(5)
Net cash used in operating activities		(1,057)	(582)
INVESTING ACTIVITIES			
Decrease in short-term deposits with original maturities more than three months but less than one year		195	24
Acquisition of plant and equipment		(4)	–
Net cash inflows from the disposal of subsidiaries	22	32	–
Placement of restricted bank deposits		(226)	(13)
Interest received		1	1
Net cash (used in)/generated from investing activities		(2)	12

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)*For the six months ended 30 September 2021*

		(Unaudited)	
		Six months ended	
	Notes	30 September 2021 HK\$ million	30 September 2020 HK\$ million
FINANCING ACTIVITIES			
Repayment of lease liabilities		(1)	(1)
Increase in amounts due to related parties, net		547	1,003
Decrease in amount due to a non-controlling shareholder, net		(203)	–
Proceed of interest-bearing bank loans		1,038	2
Repayment of bank loans' interest		(12)	–
		<hr/>	<hr/>
Net cash generated from financing activities		1,369	1,004
		<hr/>	<hr/>
Net increase in cash and cash equivalents		310	434
Cash and cash equivalents at 1 April		160	201
Effect of foreign exchange rate changes, net		2	2
		<hr/>	<hr/>
Cash and cash equivalents at 30 September		472	637
		<hr/>	<hr/>
Analysis of balances of cash and cash equivalents:			
Bank balances		267	614
Short-term deposits with original maturities within three months		205	23
		<hr/>	<hr/>
	17	472	637
		<hr/>	<hr/>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL

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

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

The Company is an investment holding company. The principal activities of the Company's major subsidiaries are distribution of houseware products and audio products in the United States of America (the "USA"), and the trading of household appliances, provision of information technology ("IT") services and property development in the People's Republic of China (the "PRC"). The Group was also engaged in the holding and licensing of brands and trademarks on a worldwide basis which was classified as discontinued operations during the year ended 31 March 2021 (the "Corresponding Year"), further details of which are set out in Note 25.

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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

For the six months ended 30 September 2021

2. BASIS OF PREPARATION (continued)

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual consolidated financial statements for the year ended 31 March 2021, except for the adoption of new accounting policies as a result of the adoption of the new and amended HKFRSs as set out in Note 3.

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis. As at 30 September 2021, the following events and conditions existed which may cast significant doubt on the Group's ability to continue as a going concern:–

- the Group incurred losses from its continuing operations in recent years, including losses of HK\$60 million and HK\$34 million for the Period and the Corresponding Period respectively;
- the Group incurred negative operating cash flows of HK\$1,057 million for the Period;
- the Group's net current assets of HK\$4,228 million as at 30 September 2021 included HK\$6,616 million of properties under development for sale, HK\$6,384 million of which are not expected to be realised within one year after 30 September 2021;
- the Group relied upon its related parties to provide fundings for its operations, with amounts due to related parties amounting to HK\$4,194 million as at 30 September 2021 (31 March 2021: HK\$3,494 million); and
- the current market conditions of the markets in which the Group operates were volatile, in particular for the property development operations of the Group, which will potentially adversely affect the future operations of the Group.

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

For the six months ended 30 September 2021

2. BASIS OF PREPARATION (continued)

The applicability of the going concern basis to the unaudited condensed consolidated interim financial statements is dependent upon the Group being able to continue to operate as a going concern, which in turn depends upon the continued availability to the Group of adequate financings and the Group being able to attain profitable operations and generate positive operating cash flows in future. In particular, in view of the reliance of the Group on the financing provided by its related parties as at 30 September 2021, the Directors have performed assessments on the financial capabilities of these related parties to provide the financial support to the Group and concluded that the related parties will not withdraw their financing facilities to the Group and request the repayment of loans due from the Group before the respective maturity dates based on the followings:–

- Advances from related parties amounting to HK\$2,530 million as at 30 September 2021 (31 March 2021: HK\$1,910 million) will be repaid within 3 years from the respective agreement dates as stipulated in the loan agreements using proceeds expected to be received by the Group from its pre-sales of the properties being developed for sale.
- No indication of, or request or demand for, repayment of the amounts due to the related parties have been received by the Group.
- Subsequent to the end of reporting period, the related parties have confirmed to the Group that they will not request for repayment of amounts owed by the Group until the Group is able to do so without impairing its liquidity and financial position.

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

For the six months ended 30 September 2021

2. BASIS OF PREPARATION (continued)

The Directors also have given careful considerations to the future liquidity needs and financial performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken by the Group to mitigate its liquidity pressure and to improve its financial position which include, but are not limited to, the followings:–

- The Group has eight property development projects as of 30 September 2021 (31 March 2021: eight). The Group has launched the pre-sales of its properties under development for six projects and deposits amounting to approximately HK\$1,093 million have been received therefrom as at 30 September 2021 (31 March 2021: HK\$281 million) as set out in Note 19. The Group expects to continuously generate cash inflows via the pre-sales activities in the next twelve months subsequent to the end of the reporting period.
- To provide funds required as working capital for its various property development projects in the PRC, the Group has successfully obtained two property development project bank loan facilities of approximately HK\$1,690 million, in which approximately HK\$1,039 million has been utilised by the Group as of 30 September 2021, these facilities are secured by certain properties under development with aggregate carrying amount of HK\$2,464 million. In the opinion of the Directors, the remaining property development projects of the Group, with aggregate carrying amount of approximately HK\$4,152 million as at 30 September 2021 are unpledged as of the date of approval of these unaudited condensed consolidated interim financial statements, and are available for use as security to be provided to the banks if further banking facilities is required in the foreseeable future.
- Management of the Group has considered relevant facts and circumstances, and prepared a projected cash flow for the property development operation in the next twelve months. The Directors are of the opinion that the Group will have sufficient working capital to operate within the next twelve months.
- The Group closely monitors the financing activities of the Group, and ensures that all borrowings complied with the terms of the loans and there was no breach of loans covenants at any time during the Period.
- The Group will continue to take active measures to control administrative and operating costs through various channels, including human resources optimization and containment of capital expenditures.

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

For the six months ended 30 September 2021

2. BASIS OF PREPARATION (continued)

The Directors are of the opinion that, although the eventual outcome of the above mentioned measures cannot be determined with certainty, taking into account the likely and expected outcome of the above measures and after assessing the Group's current and future cash flow needs and positions, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within twelve months from 30 September 2021. Accordingly, the Directors believe that it is appropriate to prepare the unaudited condensed consolidated interim financial statements of the Group on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 April 2021 ("New HKFRSs") for the preparation of the Group's unaudited condensed consolidated interim financial statements:

Amendments to HKFRS 9, HKAS 39, Interest Rate Benchmark Reform – Phase 2
HKFRS 7, HKFRS 4 and HKFRS16

In addition, the Group has early applied the amendment to HKFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021" ("2021 Amendments") during the year ended 31 March 2021.

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

For the six months ended 30 September 2021

5. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

The unaudited condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2021.

There have been no significant changes in the policies on how to mitigate these risks since the year ended 31 March 2021.

6. SEGMENT INFORMATION

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

Operating segments	Principal activities
PRC's Property Development	Property development and operation in the PRC
Emerson	Distribution of houseware products and audio products and licensing business – Comprising a group listed on the NYSE American of the USA
PRC's Household Appliances	Trading of household appliances, wires and cables in the PRC
PRC's IT Services	IT system development and related services in the PRC

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

For the six months ended 30 September 2021

6. SEGMENT INFORMATION (continued)

(a) *Unaudited revenue and results of the Group by operating segments:
For the six months ended 30 September 2021*

	PRC's Property Development HK\$ million	Emerson HK\$ million	PRC's Household Appliances HK\$ million	PRC's IT Services HK\$ million	Unallocated HK\$ million	Consolidated HK\$ million
Continuing operations						
Revenue:						
Sale of household appliances, wires and cables to external customers	-	-	98	-	-	98
Sale of houseware products to external customers	-	9	-	-	-	9
Sale of audio products to external customers	-	20	-	-	-	20
Total segment revenue	-	29	98	-	-	127
Results:						
Segment results	(41)	(13)	8	-		(46)
Reconciliations:						
Unallocated corporate expenses					(11)	(11)
Expected credit loss allowance on accounts receivable			(2)			(2)
Interest income					1	1
Loss before taxation						(58)

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

For the six months ended 30 September 2021

6. SEGMENT INFORMATION (continued)

(a) *Unaudited revenue and results of the Group by operating segments: (continued)*
For the six months ended 30 September 2020

	PRC's Property Development HK\$ million	Emerson HK\$ million	PRC's Household Appliances HK\$ million	PRC's IT Services HK\$ million	Unallocated HK\$ million	Consolidated HK\$ million (Restated)
Continuing operations						
Revenue:						
Sale of household appliances, wires and cables to external customers	-	-	43	-	-	43
Sale of houseware products to external customers	-	12	-	-	-	12
Sale of audio products to external customers	-	15	-	-	-	15
	<u>-</u>	<u>27</u>	<u>43</u>	<u>-</u>	<u>-</u>	<u>70</u>
Total segment revenue	-	27	43	-	-	70
Results:						
Segment results	<u>(14)</u>	<u>(17)</u>	<u>5</u>	<u>-</u>		(26)
Reconciliations:						
Unallocated corporate expenses					(9)	(9)
Expected credit loss reversal on accounts receivable			2			2
Interest income					1	1
Loss before taxation						<u>(32)</u>

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

For the six months ended 30 September 2021

6. SEGMENT INFORMATION (continued)

(c) Geographical segments:

	(Unaudited)	
	Six months ended	
	30 September 2021 HK\$ million	30 September 2020 HK\$ million (Restated)
Revenue:		
PRC	98	43
North America – USA and Canada	29	27
	<hr/>	<hr/>
Total	127	70

7. REVENUE

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

	(Unaudited)	
	Six months ended	
	30 September 2021 HK\$ million	30 September 2020 HK\$ million (Restated)
Continuing operations:		
By principal activity:		
Sale of goods	127	70
	<hr/>	<hr/>

Revenue from the above mentioned principal activity was recognised on "point in time" basis.

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

For the six months ended 30 September 2021

8. FINANCE COSTS

	(Unaudited) Six months ended	
	30 September 2021 HK\$ million	30 September 2020 HK\$ million
Continuing operations:		
Interest on loans from related parties	91	4
Interest on loans from a non-controlling shareholder	17	–
Interest on bank loans	19	–
Interest on lease liabilities	–*	–*
	<hr/>	<hr/>
	127	4
Less: interest expense capitalised into properties under development	(127)	(4)
	<hr/>	<hr/>
	–*	–*
	<hr/>	<hr/>

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

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

For the six months ended 30 September 2021

9. LOSS BEFORE TAXATION

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

	(Unaudited) Six months ended	
	30 September 2021 HK\$ million	30 September 2020 HK\$ million (Restated)
Continuing operations:		
(a) Staff costs		
Directors' and Chief Executive Officer's emoluments	3	3
Other staff costs:		
– Salaries and other benefits	25	13
– Retirement benefits costs	3	2
Less: amount capitalised in properties under development	(5)	(–*)
	26	18
(b) Other items		
Short-term lease expenses	1	–*
Depreciation of plant and equipment	1	–*
Depreciation of right-of-use assets	1	1
Auditor's remuneration – current period	1	1
Business tax and other levies	3	–*
Advertising and promotion expenses	17	12
Carrying amount of inventories sold	114	58
Expected credit loss allowance/(reversal) on accounts receivable	2	(2)
Interest income	(1)	(1)
	(1)	(1)

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

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

For the six months ended 30 September 2021

10. INCOME TAX CHARGE

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

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

	(Unaudited)	
	Six months ended	
	30 September 2021	30 September 2020
	HK\$ million	HK\$ million
Continuing operations:		
Current tax		
– PRC	(2)	(1)
– Overseas	–	(1)
Deferred tax		
– PRC	–*	–*
	<hr/>	<hr/>
Income tax charge	(2)	(2)
	<hr/>	<hr/>

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

11. DIVIDEND

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

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

For the six months ended 30 September 2021

12. LOSS PER SHARE

(a) *Basic loss per share:*

For continuing and discontinued operations

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

	(Unaudited)	
	Six months ended	
	30 September 2021	30 September 2020
	HK\$ million	HK\$ million
Loss attributable to the shareholders of the Company used in the basic loss per share calculation	(56)	(23)
Shares:		
Weighted average number of ordinary shares for the purposes of calculating basic loss per share	5,492.2	5,492.2

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

For the six months ended 30 September 2021

12. LOSS PER SHARE (continued)

(a) *Basic loss per share: (continued)*

For continuing operations

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

	(Unaudited) Six months ended	
	30 September 2021 HK\$ million	30 September 2020 HK\$ million
Loss:		
Loss attributable to shareholders of the Company	(56)	(23)
Less: Loss for the Period from discontinued operations	7	–
	<hr/>	<hr/>
Loss attributable to the shareholders of the Company used in the basic loss per share calculation	(49)	(23)
	<hr/>	<hr/>

The denominators used are the same as those detailed above for basic loss per share.

For discontinued operations

Basic and diluted loss per share for the Period from the discontinued operations is HK0.13 cents (Corresponding Period: Nil), based on the loss for the Period from the discontinued operations of HK\$7 million (Corresponding Period: Nil) and the denominators detailed above for basic loss per share.

(b) *Diluted loss per share:*

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

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

For the six months ended 30 September 2021

13. BRANDS AND TRADEMARKS

Included in brands and trademarks is the Emerson trademarks, which were fully impaired in the previous years. As there were no significant changes to the Emerson's operation for the Period, the Directors do not expect there to be any significant changes to the carrying amounts of the Emerson's brands and trademarks as of 30 September 2021.

14. PROPERTIES UNDER DEVELOPMENT

	(Unaudited) 30 September 2021 HK\$ million	(Audited) 31 March 2021 HK\$ million
Amounts comprise:		
– Land use right including direct costs associated with the acquisition	5,568	5,417
– Construction costs including depreciation and staff costs capitalised	868	299
– Finance costs capitalised	180	53
	<u>6,616</u>	<u>5,769</u>

The properties under development are located in the PRC. Properties under development that have a plan to be developed for sale, and are expected to be realised within the Group's normal operating cycle, are classified as current assets. Included in the amounts are properties under development of HK\$6,384 million (31 March 2021: HK\$5,769 million) which are expected to be completed and available for delivery to the customers more than twelve months from the end of the reporting period.

At 30 September 2021, certain of the Group's properties under development with carrying value of HK\$2,464 million (31 March 2021: Nil) were pledged for certain facilities granted to the Group by banks.

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

For the six months ended 30 September 2021

15. ACCOUNTS RECEIVABLE

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

	(Unaudited) 30 September 2021 HK\$ million	(Audited) 31 March 2021 HK\$ million
Gross amount	95	77
Less: allowance of expected credit loss	(9)	(7)
Net amount	86	70

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

	(Unaudited) 30 September 2021 HK\$ million	(Audited) 31 March 2021 HK\$ million
At the beginning of the Period/Corresponding Year	7	5
Allowance during the Period/Corresponding Year	2	2
Net amount	9	7

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

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

For the six months ended 30 September 2021

15. ACCOUNTS RECEIVABLE (continued)

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

	(Unaudited) 30 September 2021 HK\$ million	(Audited) 31 March 2021 HK\$ million
0 – 3 months	69	31
3 – 6 months	17	39
	<hr/> 86	<hr/> 70

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

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	(Unaudited) 30 September 2021 HK\$ million	(Audited) 31 March 2021 HK\$ million
Prepayments (Note (i))	11	7
Deposits (Note (ii))	15	3
Prepaid income tax	24	6
Cost of obtaining contracts (Note (iii))	33	11
Other receivables (Note (iv))	22	10
	<hr/> 105	<hr/> 37

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

For the six months ended 30 September 2021

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Note

- (i) Included in prepayments are deposits for subsequent purchases of inventories advanced to suppliers amounting to approximately HK\$5 million (31 March 2021: approximately HK\$4 million). These deposits were non-interest bearing and covered 0-3 months of purchases.
- (ii) Deposits mainly represent payments made for project related deposits which are refundable upon completion of the property development projects.
- (iii) Cost of obtaining contracts represented the prepaid sales commission paid to real estate agents in connection with the pre-sales of properties. The Group has capitalised the amounts incurred and will charge them to profit or loss when the revenue from the related property sales is recognised, at which time such costs will be included in selling and distribution expenses. No sales commission was charged to profit or loss during the Period.
- (iv) Other receivables mainly represented value-added tax receivables related to the property development's operation in the PRC.

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

For the six months ended 30 September 2021

17. CASH AND BANK BALANCES

	(Unaudited) 30 September 2021 HK\$ million	(Audited) 31 March 2021 HK\$ million
Bank balances	267	123
Short-term deposits with original maturities within three months	205	13
Cash and cash equivalents in the condensed consolidated statement of cash flows	472	136
Short-term deposits with original maturities more than three months but less than one year	–	195
Restricted bank deposits (Note (i))	327	99
	799	430

Note

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

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

For the six months ended 30 September 2021

18. ACCOUNTS PAYABLE

The ageing analysis of accounts payable is as follows:

	(Unaudited) 30 September 2021 HK\$ million	(Audited) 31 March 2021 HK\$ million
0 – 3 months	443	168
3 – 6 months	64	34
6 – 12 months	3	–
For additions of lands	–	1,396
	<u>510</u>	<u>1,598</u>

Included in the accounts payable balances as of 31 March 2021 were payables of approximately HK\$1,396 million, which are payable to the relevant government authorities for the acquisition of land use rights and were fully settled during the Period.

19. CONTRACT LIABILITIES

	(Unaudited) 30 September 2021 HK\$ million	(Audited) 31 March 2021 HK\$ million
Sale of properties (Note (i))	1,093	281
Others	–	1
	<u>1,093</u>	<u>282</u>

Note

- (i) The Group receives 20% to 100% of the contract value from customers when they sign the sale and purchase agreements while construction work of properties is still ongoing. For the customers who applied mortgage loans to be provided by the banks, the remaining consideration will be paid to the Group from the banks once the mortgage loan application has been completed and release of fund has been approved. Such advance payment schemes result in contract liabilities being recognised through the property construction period until the customer obtains control of the completed property.

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

For the six months ended 30 September 2021

20. INTEREST-BEARING BANK LOANS

	(Unaudited) 30 September 2021 HK\$ million	(Audited) 31 March 2021 HK\$ million
Loans from banks – secured	1,045	–
Loan from bank – unsecured	–	2
	<u>1,045</u>	<u>2</u>
Less: Amount due within one year shown under current liabilities	<u>(85)</u>	<u>(2)</u>
Amount due after one year	<u>960</u>	<u>–</u>

At 30 September 2021, bank loans of the Group bear floating interest rate based on Renminbi (“RMB”) Loan Prime Rate plus a specified margin, ranging from 0.55% to 3.65% per annum. These bank loans were secured by certain properties under development as set out in Note 14.

21. AMOUNTS DUE TO A RELATED PARTIES/NON-CONTROLLING SHAREHOLDER

(a) Amount due to a related party

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

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

For the six months ended 30 September 2021

21. AMOUNTS DUE TO A RELATED PARTIES/NON-CONTROLLING SHAREHOLDER (continued)

(b) Amounts due to related parties

	Contractual interest rate	(Unaudited) 30 September 2021 HK\$ million	(Audited) 31 March 2021 HK\$ million
GZ Minjie (Note (i))	4.75% to 5.60%	241	224
Guangzhou Jinxiu Investment Company Limited# (“GZ Investment”, 廣州錦綉投資有限公司) (Note (ii))	4.75%	51	93
Guangzhou Yufeng Real Estate Development Co., Ltd.# (廣州育豐房地產開發有限公司) (Note (iii))	6.40% to 7.50%	2,099	1,199
Zhongshan Wanquan Property Management Co., Limited# (中山市完全物業管理有限公司) (Note (iv))	8.50%	139	394
		2,530	1,910

All these entities are beneficially owned, directly or indirectly, by Mr. Tan Huichuan (a son of Mr. Tan) and Mr. Tan Haocheng (an elder brother of Mr. Tan).

Note (i)

Included are balances of approximately RMB7 million and approximately RMB193 million, which are equivalent to approximately HK\$8 million and approximately HK\$233 million (31 March 2021: approximately RMB70 million and approximately RMB118 million, which are equivalent to approximately HK\$84 million and approximately HK\$140 million), which will be repayable in full on 30 November 2022 and 20 September 2023 respectively. The balances are non-trade in nature and unsecured.

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

For the six months ended 30 September 2021

21. AMOUNTS DUE TO A RELATED PARTIES/NON-CONTROLLING SHAREHOLDER (continued)

(b) *Amounts due to related parties (continued)*

Note (i) (continued)

GZ Minjie is also a non-controlling shareholder of Changsha Ningxiang Minjun Real Estate Development Co., Ltd.[#] (長沙市寧鄉敏駿房地產開發有限公司), a non-wholly owned indirect subsidiary of the Company.

Note (ii)

The balance of approximately RMB42 million, which is equivalent to approximately HK\$51 million (31 March 2021: approximately RMB79 million which is equivalent to approximately HK\$93 million) will be repayable in full on 30 November 2022, which is non-trade in nature and unsecured.

GZ Investment is the immediate holding company of GZ Minjie (Note (i) above).

Note (iii)

The balances of approximately RMB1,738 million, which are equivalent to approximately HK\$2,099 million (31 March 2021: approximately RMB1,010 million, which are equivalent to approximately HK\$1,199 million), will be repayable in full on 1 November 2023 and 20 December 2023, which are non-trade in nature and unsecured.

Note (iv)

The balances of approximately RMB116 million, which are equivalent to approximately HK\$139 million (31 March 2021: approximately RMB332 million, which are equivalent to approximately HK\$394 million), will be repayable in full on 20 December 2023, which are non-trade in nature and unsecured.

(c) *Amount due to a non-controlling shareholder*

It represents amount due to Guangxi Huayu Ye Rui Enterprise Management Company Limited[#] (廣西華宇業瑞企業管理有限公司), a non-controlling shareholder of Nanning Ruihua Real Estate Development Co., Ltd.[#] (南寧市瑞華房地產開發有限公司), a non-wholly owned indirect subsidiary of the Company. The loan principal of approximately RMB228 million, which is equivalent to approximately HK\$275 million (31 March 2021: approximately RMB396 million, which is equivalent to approximately HK\$470 million), is interest bearing at 9% per annum, with the principal and interest not repayable within twelve months since the end of the reporting period. The balance is non-trade in nature and unsecured.

[#] For identification purposes only

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

For the six months ended 30 September 2021

22. DISPOSAL OF SUBSIDIARIES

As detailed in Note 25, the disposal of entire issued share capital in Unijoy Limited (“Unijoy”, together with its subsidiaries, the “Unijoy Group” or “Disposal Group”) was completed on 15 June 2021 (the “Completion Date”) at a consideration of HK\$60,000,000. Upon completion, Unijoy Group ceased to be subsidiaries of the Company and consolidated results, assets and liabilities of Unijoy Group ceased to be consolidated with those of the Group.

The net assets of Disposal Group as at the date of disposal were as follows:

	(Unaudited) HK\$ million
Financial assets at fair value through profit or loss (“FVTPL”)	6
Brands and trademarks	58
Accounts and other receivables	1
Cash and bank balances	27
Accounts and other payables	(19)
Contract liabilities	(2)
Tax liabilities	(18)
	<hr/>
Net assets disposed of	53
Non-controlling interests	—*
Reclassification adjustment of exchange reserve on disposal of Unijoy Group	1
Direct cost incurred for the disposal	1
Gain on disposal of subsidiaries	5
	<hr/>
Total cash consideration received	60
	<hr/>
Net cash inflow arising on disposal	
Cash consideration	60
Cost directly attributable to the disposal	(1)
Bank balances and cash disposed of	(27)
	<hr/>
Net cash inflow arising on disposal	32
	<hr/>

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

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

For the six months ended 30 September 2021

23. SHARE CAPITAL

	Number of shares '000	Share capital HK\$ million
Authorised share capital:		
Ordinary shares of HK\$0.01 each at 30 September 2021 and 31 March 2021	20,000,000	200
Issued and fully paid share capital:		
Ordinary shares of HK\$0.01 each at 30 September 2021 and 31 March 2021	5,492,233	55

24. CONTINGENT LIABILITIES

Except for the details set out below, the Group did not have significant contingent liabilities as at 30 September 2021 and up to the date of this report.

(i) *Guarantees*

The Group had provided guarantees of approximately HK\$390 million as at 30 September 2021 (31 March 2021: approximately HK\$177 million) to banks in favour of the purchasers of the Group's properties under development up to an amount of 80% of the purchase price of an individual property in respect of the mortgage loans provided by the banks to such purchasers. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

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

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

For the six months ended 30 September 2021

24. CONTINGENT LIABILITIES (continued)

(i) *Guarantees (continued)*

In the opinion of the Directors, the total fair value of the financial guarantee contracts of the Group is insignificant at initial recognition. The Directors also consider the possibility of default by the parties involved to be remote and in case of default in payments, the net realisable value of the related properties would be able to cover the outstanding principal together with the accrued interest and penalties. Accordingly, no value has been recognised in the condensed consolidated statement of financial position as at 30 September 2021 (31 March 2021: Nil).

(ii) *Legal cases*

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

- (i) indemnify and keep indemnified the former provisional liquidators in the event that the funds paid into court are insufficient to meet the taxed fees and expenses of the former provisional liquidators; and
- (ii) indemnify and keep indemnified Mr. Fok Hei Yu and FTI Consulting (Hong Kong) Limited in respect of the costs of the defence of proceedings HCA 92/2014 (the "Action"), subject to the final determination of the Action. HCA 92/2014 is a legal case filed in January 2014 in the High Court by Sino Bright Enterprises Co., Ltd. and HCA 1152/2017 is a legal case filed in May 2017 in the High Court by the Company (which was later consolidated with HCA 92/2014), against Mr. Fok Hei Yu and FTI Consulting (Hong Kong) Limited for alleged misrepresentation and the case is ongoing.

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

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

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

For the six months ended 30 September 2021

25. DISCONTINUED OPERATIONS

During the Period, Unijoy Group was disposed of and transferred to Sino Capital Resources Limited, an entity wholly owned by Mr. Ho Wing On Christopher (a director of Grande N.A.K.S. Ltd, a wholly owned subsidiary of the Company), at the initial consideration of HK\$60,000,000 (the "Disposal"). The Disposal was completed on the Completion Date and the Group received the consideration amount of HK\$60,000,000 on the Completion Date.

Due to the ongoing COVID-19 pandemic and the performance of Disposal Group over the past years, the Directors had considered that the Disposal is expected to allow the Group to reallocate its resources to other business segments, in particular the PRC's property development, which are considered to have higher development potential, in order to generate more return to the shareholders of the Company.

The Disposal Group was available for immediate sale and its sale was considered highly probable as at 31 March 2021. As at 31 March 2021, the carrying amounts of the Disposal Group would be recovered principally through a sale transaction rather than through continuing use and accordingly the Disposal Group was classified as held for sale under HKFRS 5.

The Disposal Group represents the whole licensing segment of the Group in the business of generating licensing income through the trademarks of Akai, Sansui and Nakamichi and represents a separate major line of business of the Group. The assets and liabilities of the Disposal Group as at 31 March 2021, which were presented as assets and liabilities associated with assets classified as held for sale respectively in the consolidated statement of financial position, were as follows:—

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

For the six months ended 30 September 2021

25. DISCONTINUED OPERATIONS (continued)

	(Audited) 31 March 2021 HK\$ million
Financial assets at FVTPL	6
Brands and trademarks	59
Accounts and other receivables	1
Cash and bank balances	24
	<hr/>
Total assets classified as held for sale	90
	<hr/>
Accounts and other payables	6
Contract liabilities	3
Tax liabilities	16
	<hr/>
Total liabilities classified as held for sale	25
	<hr/>

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

For the six months ended 30 September 2021

25. DISCONTINUED OPERATIONS (continued)

The comparative financial performance and cash flows from the above discontinued operations has been represented as part of discontinued operations for the six months ended 30 September 2020. The results of the Disposal Group for the period from 1 April 2021 up to the date of disposal and the six months ended 30 September 2020 have been presented separately as a single line item in the condensed consolidated income statement, details of which are as follows:

	(Unaudited) Six months ended	
	30 September 2021 HK\$ million	30 September 2020 HK\$ million
Revenue	7	8
Administrative expenses	(17)	(8)
	<hr/>	<hr/>
Loss before taxation	(10)	–
Income tax	(2)	–*
	<hr/>	<hr/>
Loss for the period	(12)	–*
Gain on disposal of the discontinued operations (Note 22)	5	–
	<hr/>	<hr/>
Loss for the period from discontinued operations	(7)	–*
	<hr/>	<hr/>
Loss for the period from discontinued operations attributable to:–		
– Owners of the Company	(7)	–*
– Non-controlling interest	–*	–*
	<hr/>	<hr/>

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

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

For the six months ended 30 September 2021

25. DISCONTINUED OPERATIONS (continued)

Loss for the Period from discontinued operations included the following:–

	(Unaudited)	
	Six months ended	
	30 September 2021 HK\$ million	30 September 2020 HK\$ million
Other staff costs		
– Salaries and other benefits	4	6
– Retirement benefit cost	–*	–*
	4	6

Cash flows in condensed consolidated statement of cash flows that are attributable to the discontinued operations are as follows:

Net cash inflow from operating activities and net increase in cash and cash equivalents	3	2
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* The amount is less than HK\$1 million.

26. TRANSACTION SUBSEQUENT TO THE REPORTING PERIOD

There were no significant events subsequent to the reporting period.

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

For the six months ended 30 September 2021

27. CAPITAL COMMITMENTS

	(Unaudited) 30 September 2021 HK\$ million	(Audited) 31 March 2021 HK\$ million
Contracted for but not provided in respect of properties under development	<u>2,208</u>	<u>1,351</u>

28. RESTATEMENT DUE TO DISCONTINUED OPERATIONS

The presentation of comparative information in respect of the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the Corresponding Period has been restated in order to present the discontinued operations separately from continuing operations.

MANAGEMENT DISCUSSION AND ANALYSIS

30 September 2021

BUSINESS REVIEW

The Group recorded a revenue of HK\$127 million for the period ended 30 September 2021 (the "Period") as compared to HK\$70 million for the period ended 30 September 2020 (the "Corresponding Period"), representing an increase of approximately 81%. The increase in revenue was mainly due to the higher revenue income generated from Emerson and the trading of household appliances, wires and cables in the People's Republic of China (the "PRC") during the Period. Besides, as the disposal of the entire issued share capital of Unijoy Limited ("Unijoy", together with its subsidiaries, the "Unijoy Group", which was engaged in the licensing business, more details below) was completed on 15 June 2021 (the "Completion Date"), the Group has re-classified the operation of the licensing business for the period from 1 April 2021 to the Completion Date as the discontinued operations in the condensed consolidated income statement for the Period, which also affected the total revenue for the Period. According to this re-classification, revenue generated from the licensing business for the Period amounting to HK\$7 million was not included in the total revenue of the Group. Likewise, the revenue generated from the licensing business for the Corresponding Period of HK\$8 million was also not included in the total revenue. Having taken into account the result of the discontinued operations, the Group recorded an unaudited loss attributable to shareholders of the Company (the "Shareholders") of HK\$56 million for the Period, which was approximately 143% higher than the unaudited loss attributable to the Shareholders of HK\$23 million for the Corresponding Period. The increase in the loss attributable to the Shareholders during the Period was mainly due to (i) the increase in selling expenses and administrative expenses incurred from the PRC's property development business of the Group mainly due to the pre-sales activities during the Period; and (ii) the loss attributable to the Shareholders from the licensing business, i.e. the discontinued operations.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2021

On 7 April 2021, the Company, Grande N.A.K.S. Ltd and Unijoy, both of them were wholly owned subsidiaries of the Company, entered into a sale and purchase agreement with Sino Capital Resources Limited (the “Purchaser”), a company wholly owned by a director of Grande N.A.K.S. Ltd, to dispose of the entire issued share capital of Unijoy to the Purchaser (the “Disposal”). The Disposal was completed on the Completion Date, and therefore the management has classified the licensing business as the discontinued operations in the Group’s consolidated results for the Period. In addition, since the Completion Date, the assets and liabilities of licensing business were excluded from the condensed consolidated statement of the financial position of the Group; in return, the receipt of the cash consideration for the Disposal of HK\$60 million was included in the consolidated assets of the Group. Upon completion of the Disposal, the current and continuing principal business activities of the Group include Emerson’s operation, the PRC’s household appliances business, PRC’s information technology (“IT”) services business and property development in the PRC.

Emerson operations business

Emerson, a 72.4% owned subsidiary, whose shares are listed on the NYSE American in the United States of America (the “USA”), generated revenue of HK\$29 million for the Period as compared to HK\$27 million for the Corresponding Period, representing an increase of approximately 7%. The increase in revenue mainly came from the increased consumer demand for certain of Emerson’s products, in particular clock radios as consumers spent more time at home and shopped online, and therefore, Emerson was able to continue to sell products under difficult economic conditions during the Period. During the Period, Emerson had continued to take active steps to streamline its operations and reduce and control its operating costs. The operating loss of Emerson for the Period was reduced to HK\$13 million as compared to the operating loss of HK\$17 million for the Corresponding Period.

Licensing revenue generated by Emerson for the Period was minimal, which is approximately the same as the Corresponding Period.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2021

PRC's household appliances business

Although the spread of COVID-19 pandemic has affected the overall economic environment adversely in the PRC, trading of household appliances, wires and cables in the PRC recorded a revenue of HK\$98 million for the Period, as compared to HK\$43 million for the Corresponding Period, representing an increase of approximately 128%. The increase in revenue was mainly due to two factors. Firstly, the price of copper increased during the Period as compared to the Corresponding Period, and that increased the selling prices of wires and cables, in effect, the revenue from the sales of wires and cables. Secondly, our PRC's household appliances business team has continued to double its efforts to solicit new customers, and resulting in an increase in the revenue from the sales of wires and cables to new customers. Since the revenue of PRC's household appliances business had increased tremendously, and the management of the operation has implemented tighter cost controls, the operation has generated an operating profit of HK\$8 million for the Period as compared to the operating profit of HK\$5 million for the Corresponding Period. The increase in operating profit was due to (i) the increase in the absolute value of gross profit; and (ii) partially offset by the higher distribution cost was resulted from the spread of COVID-19 pandemic.

PRC's IT business

The PRC's IT business recorded no income during the Period, which is similar to the situation as the Corresponding Period. This loss in income was due to the ongoing COVID-19 pandemic as most companies have had to reduce their budget for non-profit generating units.

PRC's property development business

Since the inception of PRC's property development business in late 2019, the Group has increased its land plots from a single project in Ningxiang, Hunan province to 8 projects in 7 cities of 5 provinces in the PRC by the end of 2020, locating as 2 projects in Ningxiang and Yongzhou cities of Hunan province, 2 projects in Gongyi city of Henan province, 2 projects in Yangjiang and Shantou cities of Guangdong province, a project in Ningbo city of Zhejiang province and a project in Nanning city of Guangxi province. All these projects are being developed for residential use.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2021

Contracted sales

Out of the 8 projects under development, 6 of them have been in pre-sales during the Period. The Group's attributable contracted sales during the Period were approximately RMB777 million with approximately 99,450 sq.m. sold and the average selling price was approximately RMB7,800 per sq.m. As there was only one project owned and under pre-sales by the Group in the Corresponding Period, comparison of contracted sales for the two periods is not appropriate. The attributable contracted sales for the Group are summarised as follows:

Name of the project	Approximate attributable total value (RMB million)	Approximate attributable saleable area sold (sq.m.)
Ningxiang Minjie Ziyun Fu* (寧鄉敏捷紫雲府)	71	14,200
Gongyi Minjie Jinxiu Yuanzhu* (鞏義敏捷錦綉源築)	221	28,900
Yangjiang Minjie Dongyue Fu* (陽江敏捷東樾府)	169	28,500
Guangxi Nanning Minjie Huayu Jinxiu Jiangchen (廣西南寧敏捷華宇錦綉江辰)	1	50
Shantou Minjie Jinglong Wan* (汕頭敏捷璟瓏灣)	257	18,900
Yongzhou Minjie Jinyue Fu* (永州敏捷金玥府)	58	8,900
Total	<u>777</u>	<u>99,450</u>

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2021

Projects under development

Projects under development amounted to approximately 837,900 sq.m. attributable gross floor area (“GFA”) as at 30 September 2021, details of which are set out below:

Location	Approximate attributable GFA (sq.m.)	Approximate attributable saleable area (sq.m.)
Ningxiang, Hunan	98,100	78,000
Gongyi, Henan	183,900	154,100
Yangjiang, Guangdong	103,000	87,500
Ningbo, Zhejiang	100,200	74,800
Nanning, Guangxi	115,400	96,000
Shantou, Guangdong	75,000	72,000
Yongzhou, Hunan	162,300	137,400
Total	837,900	699,800

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2021

Land bank

As at 30 September 2021, the Group's attributable land bank was approximately 413,200 sq.m. and approximately 359,800 sq.m. in GFA and saleable area respectively, distributed across 4 cities and regions. Details are as below:

Location	Approximate attributable GFA (sq.m.)	Approximate attributable saleable area (sq.m.)
Gongyi, Henan	4,300	800
Yangjiang, Guangdong	95,900	80,300
Shantou, Guangdong	243,700	232,200
Yongzhou, Hunan	69,300	46,500
	413,200	359,800
Total	413,200	359,800

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2021

Discontinued operations

Prior to the Disposal, Unijoy Group owned three consumer electronic brands, namely, Akai, Sansui and Nakamichi, and were principally engaged in the licensing of brands and trademarks through the licensing of these brands to independent third parties. The Group successfully disposed of the entire interests of Unijoy Group on the Completion Date, and therefore, the results of the licensing business for the period from 1 April 2021 to the Completion Date was classified as the discontinued operations in the condensed consolidated income statement.

Due to the ongoing COVID-19 pandemic, the licensing business was directly affected resulting in a decrease in revenue. During the Period, revenue generated from the licensing operation was HK\$7 million up to the Completion Date as compared to HK\$8 million for the Corresponding Period. Before partially offset by the gain on the Disposal of HK\$5 million, the operating loss attributable to the Shareholders of the discontinued operations for the Period was approximately HK\$12 million as compared to Nil for the Corresponding Period.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2021

BUSINESS PROSPECTS

During the Period, the Group had successfully disposed of its licensing business as management planned to consolidate the Group's resources in the remaining core businesses, especially in the PRC's property development business. Management has planned to continue to acquire more land plots through public auction in the coming future in order to expand the land bank of the Group. However, as the overall financial markets have been quite volatile recently, bringing uncertainties on the availability of sources of financing, management will take a more conservative approach to acquire lands with better development potential.

Regarding the operation of Emerson, in light of the adverse effects of the COVID-19 pandemic on macroeconomic conditions domestically and internationally, along with the uncertainty associated with a potential recovery, Emerson has implemented certain cost-reduction actions intended to reduce expenditures in light of the effects of the COVID-19 pandemic to the business. However, the environment remains highly uncertain and demand for Emerson's products remains difficult to assess due to many factors including the pace of economic recovery around the world, the status of various government stimulus programs, competitive intensity and retailer actions to continue carefully managing inventory. As a result, Emerson is unable at this time to predict the full impact of the COVID-19 pandemic on its operations and financial results, and, depending on the magnitude and duration of the pandemic, including the further spread and severity of COVID-19 cases in areas in which Emerson operates and the availability and distribution of effective vaccines, such impact may be material. Accordingly, current results and financial condition recorded for the Period herein may not be indicative of future operating results and trends for the second half of the financial year.

Even though the spread of COVID-19 pandemic has still adversely affected the normal operation of our PRC's household appliances business in certain extent, management of this operation has confidence in maintaining the scale of this operation in the second half of the financial year. The sales team will continue to solicit new customers in order to increase the revenue of this operation. On the other hand, management will continue to impose various cost control measures in order to reduce the operating cost of this operation.

Having completed the consolidation work on the core businesses, the Group will focus its resources on the remaining core businesses, i.e., PRC's property development, Emerson and PRC's household appliances. With better use of resources on proven operations, the Directors hope that the Group can produce a better return to the Shareholders in a foreseeable future.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2021

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group as at 30 September 2021 was approximately 2.24 as compared to approximately 1.82 as at 31 March 2021. The increase in the current ratio was mainly attributable to (1) the increase in properties under development and cash and bank balances; and (2) the decrease in accounts payable, which were partially offset by the increase in contract liabilities from PRC's property development business during the Period.

During the Period, the Group's working capital requirements were mainly financed by internal resources and external borrowings as the Group continued to generate cash from its Emerson operation business, licensing operation business (up to the Completion Date), PRC's household appliances business and PRC's property development business.

During the Period, new bank borrowings of approximately RMB860 million, equivalent to approximately HK\$1,037 million have been procured at interest rate ranging from 4.4% to 7.5%. The effective interest rate of the total bank borrowings portfolio at 30 September 2021 was approximately 5.48%. All the borrowings were in RMB and at floating interest rate benchmarked to rates published by the People's Bank of China. The Group considered the RMB interest rate environment relatively stable and with the Group's borrowings substantially in RMB that matched income and assets predominantly in RMB, the Group did not consider it necessary to hedge its interest rate exposure.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2021

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

As disclosed above, on 7 April 2021, the Group entered into a sale and purchase agreement with the Purchaser, a company wholly owned by a director of Grande N.A.K.S. Ltd, a wholly owned subsidiary of the Company, to dispose of the entire issued share capital of Unijoy to the Purchaser at an initial cash consideration of HK\$60 million, subject to adjustments (ie., the Disposal). Prior to the Disposal, Unijoy Group owned three consumer electronic brands and carried the licensing operation business within the Group through licensing of brands and trademarks on a worldwide basis. The Disposal was completed on 15 June 2021 with the final consideration remained unchanged at HK\$60 million.

Except for the above, the Group had no other material acquisition or disposal of subsidiaries nor affiliated companies for the Period.

MATERIAL EVENTS AFTER THE PERIOD

There were no significant events after the Period.

SIGNIFICANT INVESTMENT

The Group did not make any new significant investment during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2021

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As the management has decided to continue expanding the PRC's property development business, the Group will continue to acquire lands in the PRC through public auctions where appropriate opportunity arises. Nevertheless, as at the date hereof the Group has not yet identified any concrete investment opportunity. Other than that, the Group does not have any concrete plan for material investments or capital assets for the coming 12 months from the date of this report.

GEARING RATIO

As at 30 September 2021, the Group's gearing ratio, expressed as net borrowings over total equity, was approximately 7.06 times (as at 31 March 2021: approximately 3.93 times).

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in Note 24.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group are set out in Note 27.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2021

CHARGES ON GROUP ASSETS

As at 30 September 2021, properties under development with aggregate carrying amount of HK\$2,464 million were pledged to secure bank borrowing facilities for the Group (as at 31 March 2021: Nil).

TREASURY POLICIES

The Group's revenues are mainly in US dollars and RMB. Since the Hong Kong dollars is linked with the US dollar, the Group is not exposed to significant currency risks in transactions settled in US dollars. However, for transactions settled in RMB, the Group will be exposed to foreign currency risks. The Group offset the corresponding risks mainly through natural hedging and has not participated in any speculative trading of derivative financial instruments, but will carefully consider whether to conduct currency swaps at an appropriate time to hedge against corresponding risks. The Group will closely monitor and manage its foreign currency exposure and to make use of appropriate measures when required.

EMPLOYEES AND REMUNERATION POLICIES

The number of employees of the Group as at 30 September 2021 was 176 (146 as at 31 March 2021). The Group remunerates its employees mainly based on industry practice, individual performance and experience. Apart from the basic remuneration, a discretionary bonus may be granted to eligible employees by reference to the Group's performance as well as to an individual's performance in the relevant financial year. Other benefits include medical and retirement schemes.

OTHER INFORMATION

30 September 2021

DIVIDENDS

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

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

As at 30 September 2021, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange 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	Nature of interests	Corporate interests	Number of shares held		Approximate percentage of total issued shares
			Note	Other interests	
Mr. Tan Bingzhao ("Mr. Tan")	Long position	3,616,712,779	(i)	439,180,000	(ii) 73.85%

- (i) As at 30 September 2021, the total number of issued shares of the Company was 5,492,232,889.
- (ii) The 3,616,712,779 shares in which Mr. Tan is deemed to hold interests under the SFO are the shares held by Wealth Warrior Global Limited ("Wealth Warrior"), which is wholly owned by Mr. Tan.
- (iii) The 439,180,000 shares are owned by Merchant Link Holdings Limited and Rise Vision Global Limited, each of which holds 219,590,000 shares and they are indirectly owned by a discretionary trust. Mr. Tan is a director of both Merchant Link Holdings Limited and Rise Vision Global Limited and is the settlor and a discretionary beneficiary of the discretionary trust. In this respect, Mr. Tan is deemed to hold interests of these shares under the SFO.

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

OTHER INFORMATION (continued)

30 September 2021

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2021, so far as known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long position in ordinary shares of HK\$0.01 each of the Company (the "Shares")

Name of Shareholder	Capacity	Number of Shares held/ interested	Approximate percentage of shareholding
Wealth Warrior	Beneficial owner	3,616,712,779 (L)	65.85%
Sino Bright Enterprises Co. Ltd. ("Sino Bright")	Beneficial owner and person having a security interest in shares	1,023,463,423 (L) (Note 1)	18.63%
LEHD Pte. Ltd. ("LEHD")	Trustee	1,428,769,939 (L) (Notes 1, 2)	26.01%
Airwave Capital Limited ("Airwave")	Interest of controlled corporation	405,306,516 (L) (Note 3)	7.38%
Barrican Investments Corporation ("Barrican")	Beneficial owner and interest of controlled corporation	405,306,516 (L) (Notes 2, 4)	7.38%
Splendid Brilliance (PTC) Limited ("Splendid Brilliance")	Trustee	439,180,000 (L) (Note 5)	8.00%
He Guichai	Interest of controlled corporation	439,180,000 (L) (Note 5)	8.00%

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

OTHER INFORMATION (continued)

30 September 2021

Notes:

- (1) Sino Bright, as beneficial owner, owns 23,463,423 Shares, representing approximately 0.42% of the total issued share capital of the Company. Sino Bright is deemed to be interested in 1,000,000,000 Shares pursuant to the legal charge under the share mortgage dated 26 September 2017 in favour of Sino Bright (as mortgagee) granted by Wealth Warrior (as mortgagor) as security for the deferred consideration under the sale and purchase agreement dated 22 September 2017 between Sino Bright (as vendor) and Wealth Warrior (as purchaser).
- (2) LEHD is deemed to have interests in 1,428,769,939 Shares as the trustee to the discretionary trust which owns the entire issued share capital of The Ho Family Trust Limited ("The Ho Family Trust"). The Ho Family Trust is deemed to be interested in the Shares held by Barrican, McVitie Capital Limited ("McVitie") and Sino Bright, which are wholly owned subsidiaries of The Ho Family Trust and directly hold 335,260,845 Shares, 70,045,671 Shares and 1,023,463,423 Shares, respectively.
- (3) Barrican is a wholly owned subsidiary of Airwave and owns a 100% interest in McVitie. Accordingly, Airwave is deemed to be interested in the Shares held by Barrican and McVitie.
- (4) McVitie is a wholly owned subsidiary of Barrican. Accordingly, Barrican is deemed to be interested in the Shares held by McVitie.
- (5) Splendid Brilliance, being a party acting in concert with Wealth Warrior, is deemed to have interests in 439,180,000 Shares as the trustee to the discretionary trust which indirectly owns the entire issued share capital of Merchant Link Holdings Limited and Rise Vision Global Limited, each of which holds 219,590,000 Shares. Mr. Tan is a director of both Merchant Link Holdings Limited and Rise Vision Global Limited and is the settlor and a discretionary beneficiary of the discretionary trust. Ms. He Guichai is the sole director and sole shareholder of Splendid Brilliance.

Save as disclosed above, as at 30 September 2021, none of the Directors or chief executive of the Company was aware of any other person (other than the Directors or chief executive of the Company) or corporation who had an interest or short position in the shares or underlying shares of the Company which were required to be recorded in the register kept by the Company under section 336 of the SFO.

OTHER INFORMATION (continued)

30 September 2021

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

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

CORPORATE GOVERNANCE PRACTICES

The Company's code on corporate governance practices was adopted by reference to the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules.

The Board confirmed that the Company had complied with all principles and code provisions in the Code during the Period, except for the codes provisions of the Code as noted hereunder.

Code Provision A.2.1

Mr. Tan has been acting as the chairman of the Board (the "Chairman") and the Chief Executive Officer ("CEO") of the Company since his appointment as a Director on 2 December 2017. According to code provision A.2.1, the roles of these two positions should be separate and should not be performed by the same individual.

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

OTHER INFORMATION (continued)

30 September 2021

The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in the discharge of its responsibilities. The CEO is responsible for the day-to-day management of the Group's business. Their respective roles and responsibilities are set out in writing and have been approved by the Board. As mentioned above, the roles of the Chairman and the CEO have been performed by Mr. Tan. However, if the Board does find a suitable candidate for the position of CEO, the above roles will be separately discharged by different persons at that time.

Code Provision A.6.7

Pursuant to code provision A.6.7, independent non-executive directors generally should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Due to the outburst of COVID-19 pandemic, the independent non-executive Directors Dr. Lin Jinying and Dr. Lu Zhenghua, whose respective residence is in Guangzhou, the PRC, were unable to attend the annual general meeting of the Company held on 26 August 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 as its own code of conduct regarding securities transactions by the Directors. Specific enquiry has been made to all Directors and all of them have confirmed that they have complied with the required standards as set out in the Model Code during the Period.

OTHER INFORMATION (continued)

30 September 2021

CHANGES IN DIRECTORS' INFORMATION

During the Period, Dr. Ye Hengqing has been promoted from an associate professor to a professor of Department of Logistics and Maritime Studies in the Faculty of Business of The Hong Kong Polytechnic University. Other than that, there is no change in the information of the Directors since the publication of the 2020/21 annual report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF INTERIM FINANCIAL REPORT

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

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

Hong Kong, 26 November 2021