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NIMBLE HOLDINGS COMPANY LIMITED

敏捷控股有限公司

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

(Stock Code: 186)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

FINANCIAL HIGHLIGHTS

	(Unaudited)	
	Six months ended	
	30 September 2022	30 September 2021
	<i>HK\$ million</i>	<i>HK\$ million</i>
OPERATING RESULTS:		
Revenue	233	127
Loss for the period attributable to the shareholders of the Company		
– From continuing operations	(26)	(49)
– From discontinued operations	–	(7)
	<u>(26)</u>	<u>(56)</u>
	<i>HK cents</i>	<i>HK cents</i>
PER SHARE DATA:		
From continuing and discontinued operations		
Basic and diluted	(0.47)	(1.02)
From continuing operations		
Basic and diluted	<u>(0.47)</u>	<u>(0.89)</u>

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 2022 (the “Period”), together with the comparative figures for the six months ended 30 September 2021 (the “Corresponding Period”) and selected explanatory notes, are stated as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2022

		(Unaudited)	
		Six months ended	
		30 September	30 September
		2022	2021
	<i>Notes</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Continuing operations			
REVENUE	6	233	127
Cost of sales		<u>(197)</u>	<u>(114)</u>
Gross profit		36	13
Other income		7	3
Selling and distribution costs		(18)	(23)
Administrative expenses		(46)	(51)
Finance costs		<u>–*</u>	<u>–*</u>
LOSS BEFORE TAXATION	7	(21)	(58)
Income tax charge	8	<u>(5)</u>	<u>(2)</u>
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(26)	(60)
Discontinued operations			
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS	18	<u>–</u>	<u>(7)</u>
LOSS FOR THE PERIOD		<u>(26)</u>	<u>(67)</u>

		(Unaudited)	
		Six months ended	
		30 September	30 September
		2022	2021
<i>Notes</i>		<i>HK\$ million</i>	<i>HK\$ million</i>
LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Company			
	– From continuing operations	(26)	(49)
	– From discontinued operations	–	(7)
		<u>(26)</u>	<u>(56)</u>
Non-controlling interests			
	– From continuing operations	–*	(11)
	– From discontinued operations	–	–*
		<u>–*</u>	<u>(11)</u>
		<u>(26)</u>	<u>(67)</u>
		<i>HK cents</i>	<i>HK cents</i>
LOSS PER SHARE			
	From continuing and discontinued operations		
	– Basic and diluted	<u>(0.47)</u>	<u>(1.02)</u>
	From continuing operations		
	– Basic and diluted	<u>(0.47)</u>	<u>(0.89)</u>

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	(Unaudited)	
	Six months ended	
	30 September 2022	30 September 2021
	<i>HK\$ million</i>	<i>HK\$ million</i>
LOSS FOR THE PERIOD	<u>(26)</u>	<u>(67)</u>
OTHER COMPREHENSIVE (LOSS)/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	(19)	4
– Items that was reclassified to profit or loss:		
Exchange differences reclassified to profit or loss upon disposal of subsidiaries	<u>–</u>	<u>1</u>
	<u>(19)</u>	<u>5</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(45)</u>	<u>(62)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO:		
Shareholders of the Company		
– From continuing operations	(39)	(45)
– From discontinued operations	<u>–</u>	<u>(7)</u>
	<u>(39)</u>	<u>(52)</u>
Non-controlling interests		
– From continuing operations	(6)	(10)
– From discontinued operations	<u>–</u>	<u>–*</u>
	<u>(6)</u>	<u>(10)</u>
	<u>(45)</u>	<u>(62)</u>

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		(Unaudited) As at 30 September 2022	(Audited) As at 31 March 2022
	<i>Notes</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
NON-CURRENT ASSETS			
Plant and equipment		2	3
Right-of-use assets		4	4
Deferred tax assets		2	2
Brands and trademarks		–	–
Goodwill		–	–
Other assets		1	1
		9	10
CURRENT ASSETS			
Inventories		20	18
Properties under development	11	6,977	7,413
Completed properties held for sale	11	31	18
Accounts receivable	12	73	55
Prepayments, deposits and other receivables		206	180
Cash and bank balances		1,457	1,589
		8,764	9,273
CURRENT LIABILITIES			
Accounts payable	13	806	820
Contract liabilities	14	2,763	2,305
Accrued liabilities and other payables		144	81
Amounts due to related parties	15(a)	1,528	1,729
Interest-bearing bank loans	16	321	464
Lease liabilities		2	2
Tax liabilities		8	4
		5,572	5,405
NET CURRENT ASSETS		3,192	3,868

		(Unaudited)	(Audited)
		As at	As at
		30 September	31 March
		2022	2022
	<i>Notes</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
NON-CURRENT LIABILITIES			
Amounts due to related parties	15(a)	1,900	2,364
Amount due to a non-controlling shareholder	15(b)	304	319
Amount due to a shareholder	15(c)	10	–
Interest-bearing bank loans	16	617	777
Lease liabilities		2	1
Tax liabilities		9	13
		<u>2,842</u>	<u>3,474</u>
NET ASSETS		<u>359</u>	<u>404</u>
CAPITAL AND RESERVES			
Share capital		55	55
Share premium		386	386
Reserves		<u>(195)</u>	<u>(156)</u>
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		246	285
NON-CONTROLLING INTERESTS		<u>113</u>	<u>119</u>
TOTAL EQUITY		<u>359</u>	<u>404</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

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 property development in the People’s Republic of China (the “PRC”), distribution of houseware products and audio products in the United States of America (the “USA”), the trading of household appliances, and provision of information technology (“IT”) services in 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 since the year ended 31 March 2021 and up to 15 June 2021, date of disposal of the discontinued operations, further details of which are set out in Note 18.

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 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the Group’s most recent annual consolidated financial statements for the year ended 31 March 2022, except for the adoption of new accounting policies as a result of the adoption of the new and amendments to 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 2022, 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\$26 million and HK\$60 million for the Period and the Corresponding Period respectively;
- the Group’s net current assets of HK\$3,192 million as at 30 September 2022 included HK\$6,977 million of properties under development for sale, HK\$5,656 million of which are not expected to be completed and realised within one year after 30 September 2022;

- the Group relied upon its related parties to provide fundings for its operations, with amounts due to related parties amounting to HK\$3,428 million as at 30 September 2022; and
- the current market conditions of the property market in the PRC in which the Group operates are volatile, in particular for the property development operations in the PRC, which will potentially adversely affect the future operations of the Group.

The applicability of the going concern basis in the preparation of 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 2022, 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\$1,908 million as at 30 September 2022 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.

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 seven property development projects as of 30 September 2022 (31 March 2022: seven). The Group has launched the pre-sale of its properties under development for all projects and deposits amounting to approximately HK\$2,763 million have been received therefrom as at 30 September 2022 (31 March 2022: HK\$2,305 million). The Group expects to continuously generate cash inflows via the pre-sales activities and sales of completed properties held for sale 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 three (31 March 2022: two) property development project bank loan facilities of approximately HK\$1,931 million, in which approximately HK\$934 million has been utilised by the Group as of 30 September 2022, these facilities are secured by certain properties under development with aggregate carrying amount of HK\$2,628 million. In the opinion of the Directors, the remaining property development projects of the Group, with aggregate carrying amount of approximately HK\$4,349 million as at 30 September 2022 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 the relevant facts and circumstances, and prepared a projected cash flow forecast for the property development operations 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 loan 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.

The eventual outcome of the above mentioned measures cannot be determined with certainty. Hence, a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. The Directors are of the opinion that 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 2022. 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 2022 (“New HKFRSs”) for the preparation of the Group’s unaudited condensed consolidated interim financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contract – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020
Amendments to Accounting Guideline 5	Accounting Guideline 5 Merger Accounting to Common Control Combinations (Revised)

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 results announcement. 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 2022.

5. SEGMENT INFORMATION

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

Operating segments	Principal activities
PRC Property Development	Property development and operations 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 Household Appliances	Trading of household appliances, wires and cables in the PRC
PRC IT Services	IT system development and related services in the PRC

(a) Unaudited revenue and results of the Group by operating segment

For the six months ended 30 September 2022

	PRC Property Development <i>HK\$ million</i>	Emerson <i>HK\$ million</i>	PRC Household Appliances <i>HK\$ million</i>	PRC IT Services <i>HK\$ million</i>	Consolidated <i>HK\$ million</i>
Continuing operations					
Revenue:					
Sale of properties to external customers	119	-	-	-	119
Sale of household appliances, wires and cables to external customers	-	-	88	-	88
Sale of houseware products to external customers	-	7	-	-	7
Sale of audio products to external customers	-	14	-	-	14
Licensing income from external customers	-	5	-	-	5
IT services to external customers	-	-	-	-	-
	<u>119</u>	<u>26</u>	<u>88</u>	<u>-</u>	<u>233</u>
Total segment revenue	<u>119</u>	<u>26</u>	<u>88</u>	<u>-</u>	<u>233</u>
Results:					
Segment results	<u>(12)</u>	<u>(11)</u>	<u>5</u>	<u>-*</u>	<u>(18)</u>
Reconciliations:					
Unallocated corporate expenses					(10)
Interest income					<u>7</u>
Loss before taxation					<u>(21)</u>

For the six months ended 30 September 2021

	PRC Property Development <i>HK\$ million</i>	Emerson <i>HK\$ million</i>	PRC Household Appliances <i>HK\$ million</i>	PRC IT Services <i>HK\$ million</i>	Consolidated <i>HK\$ million</i>
Continuing operations					
Revenue:					
Sale of properties to external customers	-	-	-	-	-
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
Licensing income from external customers	-	-*	-	-	-*
IT services to external customers	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>98</u>	<u>-</u>	<u>127</u>
Total segment revenue	<u>-</u>	<u>29</u>	<u>98</u>	<u>-</u>	<u>127</u>
Results:					
Segment results	<u>(41)</u>	<u>(13)</u>	<u>8</u>	<u>-*</u>	<u>(46)</u>
Reconciliations:					
Unallocated corporate expenses					(11)
Expected credit loss ("ECL") on accounts receivable			(2)		(2)
Interest income					<u>1</u>
Loss before taxation					<u>(58)</u>

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

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

	PRC Property Development <i>HK\$ million</i>	Emerson <i>HK\$ million</i>	PRC Household Appliances <i>HK\$ million</i>	PRC IT Services <i>HK\$ million</i>	Unallocated <i>HK\$ million</i>	Inter- segment elimination <i>HK\$ million</i>	Consolidated <i>HK\$ million</i>
As at 30 September 2022 (unaudited)							
Reportable segment assets	<u>8,442</u>	<u>254</u>	<u>89</u>	<u>6</u>	<u>10</u>	<u>(28)</u>	<u>8,773</u>
Reportable segment liabilities	<u>8,322</u>	<u>40</u>	<u>55</u>	<u>-</u>	<u>25</u>	<u>(28)</u>	<u>8,414</u>
As at 31 March 2022 (audited)							
Reportable segment assets	<u>8,989</u>	<u>234</u>	<u>74</u>	<u>7</u>	<u>10</u>	<u>(31)</u>	<u>9,283</u>
Reportable segment liabilities	<u>8,844</u>	<u>9</u>	<u>40</u>	<u>-</u>	<u>17</u>	<u>(31)</u>	<u>8,879</u>

(c) Geographical segments

	(Unaudited) Six months ended	
	30 September 2022 <i>HK\$ million</i>	30 September 2021 <i>HK\$ million</i>
Revenue:		
PRC	207	98
USA	<u>26</u>	<u>29</u>
Total	<u>233</u>	<u>127</u>

6. REVENUE

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

	(Unaudited)	
	Six months ended	
	30 September	30 September
	2022	2021
	<i>HK\$ million</i>	<i>HK\$ million</i>
Continuing operations:		
By principal activity:		
Sale of properties	119	–
Sale of goods	109	127
Licensing income	5	–*
	<hr/>	<hr/>
	233	127
	<hr/> <hr/>	<hr/> <hr/>

Revenue from the above mentioned principal activities was recognised on “point in time” basis.

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

7. LOSS BEFORE TAXATION

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

	(Unaudited)	
	Six months ended	
	30 September 2022	30 September 2021
	<i>HK\$ million</i>	<i>HK\$ million</i>
Continuing operations:		
(a) Staff costs		
Directors' and Chief Executive Officer's emoluments	3	3
Other staff costs:		
– Salaries and other benefits	22	25
– Retirement benefits costs	3	3
	<u>28</u>	<u>31</u>
Less: amount capitalised in properties under development	<u>(4)</u>	<u>(5)</u>
	<u><u>24</u></u>	<u><u>26</u></u>
(b) Other items		
Short-term lease expenses	–*	1
Depreciation of plant and equipment	1	1
Depreciation of right-of-use assets	1	1
Auditor's remuneration – current period	1	1
Business tax and other levies	5	3
Advertising and promotion expenses**	12	17
Carrying amount of inventories sold	98	114
Carrying amount of properties sold	99	–
ECL on accounts receivable	1	2
Interest income [#]	(7)	(1)
Government grants [#]	–*	(2)
	<u><u>–</u></u>	<u><u>(2)</u></u>

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

[#] Included in other income in the condensed consolidated income statement.

** Included in selling and distribution costs.

8. 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.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

The provision of land appreciation taxes (“LAT”) is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT is charged at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the places in which the Group operates, based on existing legislation, interpretations and practises in relevant jurisdictions thereof.

	(Unaudited)	
	Six months ended	
	30 September 2022	30 September 2021
	<i>HK\$ million</i>	<i>HK\$ million</i>
Continuing operations:		
Current tax – PRC enterprise income tax	(5)	(2)
Deferred tax – PRC	–*	–*
Income tax charge	<u>(5)</u>	<u>(2)</u>

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

9. DIVIDEND

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

10. 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 2022	30 September 2021
	<i>HK\$ million</i>	<i>HK\$ million</i>
Loss attributable to the shareholders of the Company used in the basic loss per share calculation	<u>(26)</u>	<u>(56)</u>

	30 September 2022	30 September 2021
	Number of ordinary shares million	Number of ordinary shares million
Shares:		
Weighted average number of ordinary shares for the purposes of calculating basic loss per share	5,492.2	5,492.2

For continuing operations

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

	(Unaudited)	
	Six months ended	
	30 September 2022	30 September 2021
	HK\$ million	HK\$ million
Loss:		
Loss attributable to shareholders of the Company	(26)	(56)
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	(26)	(49)

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 Nil (the Corresponding Period: HK0.13 cents), based on the loss for the Period from the discontinued operations attributable to shareholders of the Company of Nil (the Corresponding Period: approximately HK\$7 million) 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 there were no potential ordinary shares outstanding during the Period and the Corresponding Period.

11. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	(Unaudited) 30 September 2022 <i>HK\$ million</i>	(Audited) 31 March 2022 <i>HK\$ million</i>
Properties under development for sale		
Amounts comprise:		
– Land use right (including direct costs associated with the acquisition)	5,002	5,634
– Construction costs including depreciation and staff costs capitalised	1,609	1,468
– Finance costs capitalised	366	311
	<u>6,977</u>	<u>7,413</u>
Completed properties held for sale	<u>31</u>	<u>18</u>
	<u><u>7,008</u></u>	<u><u>7,431</u></u>

The properties under development are located in the PRC. Properties under development that have plans 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\$5,656 million (31 March 2022: HK\$7,119 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 2022, certain of the Group's properties under development with carrying value of HK\$2,628 million (31 March 2022: HK\$2,772 million) were pledged for certain facilities granted to the Group by the banks.

The Group's completed properties held for sale are stated at the lower of cost and net realisable value and situated in the PRC. In the opinion of the Directors, completed properties held for sale as at 30 September 2022 are expected to be sold within twelve months from the end of the reporting period.

12. ACCOUNTS RECEIVABLE

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

	(Unaudited) 30 September 2022 <i>HK\$ million</i>	(Audited) 31 March 2022 <i>HK\$ million</i>
Gross amount	81	63
Less: allowance of ECL	<u>(8)</u>	<u>(8)</u>
Net amount	<u><u>73</u></u>	<u><u>55</u></u>

The following are the movements of accounts receivable's allowance of ECL during the Period/the year ended 31 March 2022 (the "Corresponding Year"):

	(Unaudited) 30 September 2022 <i>HK\$ million</i>	(Audited) 31 March 2022 <i>HK\$ million</i>
At beginning of the Period/the Corresponding Year	8	7
Additions	<u>–</u>	<u>1</u>
At end of the Period/the Corresponding Year	<u>8</u>	<u>8</u>

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

The ageing analysis of accounts receivable (net of allowance of ECL), is presented based on the invoice date, is as follows:

	(Unaudited) 30 September 2022 <i>HK\$ million</i>	(Audited) 31 March 2022 <i>HK\$ million</i>
0–3 months	47	54
3–6 months	<u>26</u>	<u>1</u>
	<u>73</u>	<u>55</u>

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.

13. ACCOUNTS PAYABLE

The ageing analysis of accounts payable, including ageing analysis of accounts payable arising from purchases of inventories based on the invoice date, is as follows:

	(Unaudited) 30 September 2022 HK\$ million	(Audited) 31 March 2022 HK\$ million
For purchases of inventories		
0–3 months	49	34
3–6 months	3	2
6–12 months	1	4
For construction costs (<i>Note (i)</i>)	<u>753</u>	<u>780</u>
	<u><u>806</u></u>	<u><u>820</u></u>

Note:

- (i) Construction costs payable comprise payables for construction costs and other project related expenses (including unbilled payables) which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is performed.

14. CONTRACT LIABILITIES

	(Unaudited) 30 September 2022 HK\$ million	(Audited) 31 March 2022 HK\$ million
Sale of properties (<i>Note (i)</i>)	2,763	2,305
Others	<u>–*</u>	<u>–*</u>
	<u><u>2,763</u></u>	<u><u>2,305</u></u>

Note:

- (i) The Group receives 20% to 100% of the contract value from customers when they sign the sale and purchase agreements for pre-sale of properties while construction work of the 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. Same as the properties under development as disclosed in Note 11, these balances are expected to be settled within the Group's normal operating cycle.

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

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

(a) Amounts due to related parties

	Effective Contractual interest rate (%)	(Unaudited) 30 September 2022 HK\$ million	Effective Contractual interest rate (%)	(Audited) 31 March 2022 HK\$ million
Current				
Guangzhou Minjie Real Estate Development Co., Ltd.# (“GZ Minjie”, 廣州敏捷房地產開發有限公司) (Note (i))	–	1,520	–	1,702
Current portion of long term loan from GZ Minjie (Note (ii))	5.6%	8	4.75%	8
Current portion of long term loan from Guangzhou Jinxiu Investment Company Limited# (“GZ Investment”, 廣州錦綉投資有限公司) (Note (iii))	4.75%	–*	4.75%	19
		<u>1,528</u>		<u>1,729</u>
Non-current				
GZ Minjie (Note (ii))	3.7%	1,716	5.6%	157
Guangzhou Yufeng Real Estate Development Co., Ltd.# (廣州育豐房地產開發有限公司) (Note (iv))	6.4% to 7.5%	171	6.4% to 7.5%	2,142
Zhongshan Wanquan Property Management Co., Limited# (中山市完全物業管理有限公司) (Note (v))	6.5% to 8.5%	13	6.5% to 8.5%	65
		<u>1,900</u>		<u>2,364</u>
		<u>3,428</u>		<u>4,093</u>

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).

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

For identification purposes only

Notes:

- (i) The balance of approximately RMB1,378 million, which is equivalent to approximately HK\$1,520 million (31 March 2022: approximately RMB1,378 million, which is equivalent to approximately HK\$1,702 million) is non-trade in nature, unsecured, interest-free and repayable on demand.

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.

- (ii) Balances represented (i) approximately RMB1,556 million, which is equivalent to approximately HK\$1,716 million and will be repayable in full on 4 May 2025 (31 March 2022: approximately RMB127 million, which is equivalent to approximately HK\$157 million and will be repayable in full on 20 September 2023); and (ii) approximately RMB7 million, which is equivalent to approximately HK\$8 million and will be repayable in full on 20 September 2023 (31 March 2022: approximately RMB7 million, which is equivalent to approximately HK\$8 million and will be repayable in full on 30 November 2022). The balances are non-trade in nature and unsecured.
- (iii) The balance of approximately RMB0.14 million, which is equivalent to approximately HK\$0.15 million (31 March 2022: approximately RMB15 million, which is equivalent to approximately HK\$19 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).

- (iv) The balance of approximately RMB156 million, which is equivalent to approximately HK\$171 million (31 March 2022: approximately RMB1,734 million, which is equivalent to approximately HK\$2,142 million), will be repayable in full on 1 November 2023 and 20 December 2023, which is non-trade in nature and unsecured.
- (v) The balance of approximately RMB12 million, which is equivalent to approximately HK\$13 million (31 March 2022: approximately RMB52 million, which is equivalent to approximately HK\$65 million), will be repayable in full on 20 November 2023 and 20 December 2023, which is non-trade in nature and unsecured.

During the Period, on 5 May 2022, the subsidiaries of the Company entered into loan agreements with GZ Minjie in relation to the loan facility of up to RMB4,731 million (equivalent to HK\$5,219 million) at the agreed interest rate of 3.7% per annum, unsecured and they will be repayable in full on 4 May 2025. In the opinion of the Directors, the purpose of the loan facility is to provide funds to repay the amounts due to the related parties above and for use in the Group's property development operations.

(b) Amount due to a non-controlling shareholder

Amount in the form of a loan is due to Guangxi Huayu Ye Rui Enterprise Management Company Limited# (“Guangxi Huayu”, 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.# (“Nanning Ruihua”, 南寧市瑞華房地產開發有限公司), a non-wholly owned indirect subsidiary of the Company. The balance of approximately RMB275 million, which is equivalent to approximately HK\$304 million (31 March 2022: approximately RMB259 million, which is equivalent to approximately HK\$319 million), is interest-bearing at 9% per annum and not repayable within twelve months since the end of the reporting period. The balance is non-trade in nature and unsecured.

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(c) **Amount due to a shareholder**

During the Period, the subsidiary of the Company entered into a loan agreement with Mr. Tan in relation to the loan facility of up to HK\$18 million at the agreed interest rate of 5% per annum, unsecured and with the principal and interest repayable in full on 11 May 2025. In the opinion of the Directors, the purpose of the loan facility is for use in the Group's daily operations.

16. INTEREST-BEARING BANK LOANS

	(Unaudited) 30 September 2022 <i>HK\$ million</i>	(Audited) 31 March 2022 <i>HK\$ million</i>
Loans from banks – secured	938	1,241
Less: Amount due within one year shown under current liabilities	(321)	(464)
Amount due after one year	617	777

At 30 September 2022, bank loans of the Group bear floating interest rate based on RMB Loan Prime Rate plus a specified margin, ranging from 0.55% to 3.65% per annum. These bank loans were guaranteed by related companies of GZ Investment, Meizhou Minjie Construction Engineering Company Limited# (梅州市敏捷建築工程有限公司) and holding company of Guangxi Huayu, Chongqing Huayu Group Company Limited# (重慶華宇集團有限公司), and secured by shares in Nanning Ruihua, certain land use right of related companies and certain properties under development of approximately RMB2,382 million, which are equivalent to approximately HK\$2,628 million, as set out in Note 11.

17. DISPOSAL OF SUBSIDIARIES

As detailed in Note 18, 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.

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

	<i>HK\$ million</i>
Financial assets at fair value through profit or loss	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	<u>60</u>
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	<u>32</u>

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

18. DISCONTINUED OPERATIONS

During the Corresponding 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 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 were considered to have higher development potential, in order to generate more return to the shareholders of the Company.

The results of the Disposal Group for the period from 1 April 2021 up to the date of disposal have been presented separately as a single line item in the condensed consolidated income statement, details of which are as follows:

	<i>HK\$ million</i>
Revenue	7
Administrative expenses	<u>(17)</u>
Loss before taxation	(10)
Income tax	<u>(2)</u>
Loss for the period	(12)
Gain on disposal of the discontinued operations (<i>Note 17</i>)	<u>5</u>
Loss for the period from discontinued operations	<u><u>(7)</u></u>
Loss for the period from discontinued operations attributable to:	
– Owners of the Company	(7)
– Non-controlling interest	<u><u>–*</u></u>
Loss for the Corresponding Period from discontinued operations included the following:	

	<i>HK\$ million</i>
Other staff costs	
– Salaries and other benefits	4
– Retirement benefit cost	<u><u>–*</u></u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded a revenue of HK\$233 million for the Period as compared to HK\$127 million for the Corresponding Period, representing an increase of approximately 83%. The increase in revenue was mainly due to sales of property development in our Ningxiang project which was first recognised as revenue in January 2022 and no similar income had been recognised in the Corresponding Period. During the Period, according to the construction plan, certain phases of the Ningxiang project have been completed and property units were then delivered to the ultimate customers. Revenue from recognised sales of property development which amounted to HK\$119 million was then recorded in the condensed consolidated income statement of the Group for the Period. Due to the unfavourable conditions in the real estate industry in the People's Republic of China (the "PRC"), progresses of most construction work have slowed down. The needs of household appliances, wires and cables were therefore reduced. Revenue generated from the trading of household appliances, wires and cables in the PRC decreased from HK\$98 million for the Corresponding Period to HK\$88 million for the Period, representing a decrease of approximately 10%. Emerson also recorded a decrease in revenue from HK\$29 million for the Corresponding Period to HK\$26 million for the Period, representing a drop of approximately 10%. Both sales of houseware products and audio products of Emerson recorded decreases, driven by the decreases of demand in microwave ovens and clock radios during the Period. However, it has been slightly compensated by the increase in royalty income from licensing of the brand "Emerson". Emerson recorded licensing income of HK\$5 million for the Period, five times of the licensing income of less than HK\$1 million for the Corresponding Period. The Group recorded an unaudited loss attributable to shareholders of the Company (the "Shareholders") of HK\$26 million for the Period, which was approximately 54% better than the unaudited loss attributable to the Shareholders of HK\$56 million for the Corresponding Period. The reduction in the loss attributable to the Shareholders during the Period was mainly due to (i) newly recognised revenue from property development increased the overall gross profit of the Group; (ii) tighter control in selling expenses and administrative expenses incurred by the Group; and (iii) no more loss attributable to the Shareholders from the licensing business, i.e. the discontinued operations, the disposal which by the Group was completed on 15 June 2021.

As at 30 September 2022, the principal business activities of the Group included property development in the PRC, Emerson's operation, the household appliances business and the information technology ("IT") services business in the PRC.

PRC property development business

According to the construction plan, certain phases of property units of the Ningxiang project have been completed and delivered to the ultimate customers since January 2022 and therefore, revenue from recognised sales of property development was first recorded in the consolidated financial statements of the Group near the end of last financial year. During the Period, completed property units were delivered to the ultimate customers, and a total of HK\$119 million has been recorded as revenue from recognised sales of project development. Since the remaining 6 projects were still under development and only pre-sales have been taken place during the Period, selling and administrative expenses were incurred with no corresponding revenues recognised. By combining the revenue generated from and costs incurred by Ningxiang project and the expenses incurred by the other 6 projects, the PRC property development business contributed an operating loss of HK\$12 million to the Group during the Period, which is better than the operating loss of HK\$41 million incurred during the Corresponding Period.

Contracted sales

Including the Ningxiang project, all 7 projects under development have been in pre-sales during the Period. The Group's attributable contracted sales during the Period were approximately RMB823 million with approximately 95,000 sq.m. sold and the average selling price was approximately RMB8,700 per sq.m., whereas the Group's attributable contracted sales during the Corresponding Period were approximately RMB777 million with approximately 99,450 sq.m. sold and the average selling price was approximately RMB7,800 per sq.m. The contracted sales for the two periods are summarised as follows:

Name of the project	Approximate attributable total value		Approximate attributable saleable areas sold	
	Six months ended		Six months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	(RMB million)		(sq.m.)	
Ningxiang Minjie Ziyun Fu# (寧鄉敏捷紫雲府)	15	71	2,900	14,200
Gongyi Minjie Jinxiu Yuanzhu# (鞏義敏捷錦繡源築)	98	221	12,900	28,900
Yangjiang Minjie Dongyue Fu# (陽江敏捷東樾府)	131	169	22,900	28,500
Guangxi Nanning Minjie Huayu Jinxiu Jiangchen* (廣西南寧敏捷華宇錦繡江辰)	2	1	100	50
Shantou Minjie Jinglong Wan# (汕頭敏捷瓊瓏灣)	282	257	25,300	18,900
Yongzhou Minjie Jinyue Fu# (永州敏捷金玥府)	114	58	22,200	8,900
Ningbo Yunyue Xingzhu Huayuan# (寧波雲玥星著花園)	181	–	8,700	–
Total	823	777	95,000	99,450

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Projects under development

Projects under development amounted to approximately 1,121,700 sq.m. attributable gross floor area (“GFA”) as at 30 September 2022 (2021: approximately 837,900 sq.m.), details of which are set out below:

Location	Approximate attributable GFA		Approximate attributable saleable area	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)
Ningxiang, Hunan	98,000	98,100	82,700	78,000
Gongyi, Henan	185,100	183,900	152,800	154,100
Yangjiang, Guangdong	142,200	103,000	120,000	87,500
Ningbo, Zhejiang	100,200	100,200	74,800	74,800
Nanning, Guangxi	115,000	115,400	93,200	96,000
Shantou, Guangdong	319,100	75,000	266,800	72,000
Yongzhou, Hunan	162,100	162,300	140,700	137,400
Total	<u>1,121,700</u>	<u>837,900</u>	<u>931,000</u>	<u>699,800</u>

Properties held for sale

During the Period, property with a saleable area of approximately 27,500 sq.m. from Ningxiang project has been certified as completed. As approximately 22,500 sq.m. in saleable area has been recognized as sales of property development during the Period, the remaining properties held for sale as recorded in the condensed consolidated statement of financial position as at 30 September 2022 were approximately 10,900 sq.m. in saleable area.

Land bank

As at 30 September 2022, the Group's attributable land bank was approximately 129,100 sq.m. and approximately 102,900 sq.m. in GFA and saleable area respectively (2021: approximately 413,200 sq.m. and approximately 359,800 sq.m. respectively), distributed across 4 cities and regions. Details are as below:

Location	Approximate attributable GFA		Approximate attributable saleable area	
	30 September 2022 (sq.m.)	30 September 2021 (sq.m.)	30 September 2022 (sq.m.)	30 September 2021 (sq.m.)
Gongyi, Henan	3,100	4,300	–	800
Yangjiang, Guangdong	56,700	95,900	47,500	80,300
Shantou, Guangdong	–	243,700	–	232,200
Yongzhou, Hunan	69,300	69,300	55,400	46,500
Total	<u>129,100</u>	<u>413,200</u>	<u>102,900</u>	<u>359,800</u>

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\$26 million for the Period as compared to HK\$29 million for the Corresponding Period, representing a decrease of approximately 10%. The decrease in revenue was mainly came from the decreased consumer demand for microwave oven and clock radios; partially offset by the increase of royalty income from the licensing of the brand “Emerson”. During the Period, Emerson 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\$11 million as compared to the operating loss of HK\$13 million for the Corresponding Period.

On 19 April 2022, the US District Court for the District of Delaware granted a judgment in favour of Emerson in its trademark infringement lawsuit against air conditioning and heating products provider Emerson Quiet Kool and wholesaler Home Easy (the “Defendants”). Among other things, the Court issued an injunction and directed the US Patent and Trademark Office to cancel the Defendants' existing and proposed “Emerson Quiet Kool” trademarks and prohibits Defendants from registering or applying to register the same mark or any other mark or name containing the word “Emerson” going forward. The Court also awarded US\$6.5 million to Emerson. As at 30 September 2022, the Defendants have conditionally made payments of US\$4.1 million to Emerson, in connection with ongoing negotiations among the parties. There is no guarantee that Emerson will be able to collect the entire court award or that a negotiated resolution regarding these matters will ever be agreed among the parties or, if agreed, how soon the parties will be able to do so.

PRC household appliances business

Since the unfavourable operating environment of the real estate industry continued to prevail in the PRC during the Period, together with the non-stop spread of the COVID-19 pandemic in the world, trading of household appliances, wires and cables in the PRC recorded a revenue of HK\$88 million for the Period, as compared to HK\$98 million for the Corresponding Period, representing a decrease of approximately 10%. The decrease in revenue was mainly due to the sluggish status of construction work and therefore, demand of wires and cables reduced during the Period. Since the revenue of household appliances, wires and cables dropped during the Period, the operation has generated an operating profit of HK\$5 million for the Period as compared to the operating profit of HK\$8 million for the Corresponding Period.

PRC IT business

The PRC 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.

BUSINESS PROSPECTS

Since the policies in the real estate industry in the PRC were tightened comprehensively in 2021, the operating environment for the property development business has become very difficult. Such difficult situation was not improved during the Period and the current market conditions of the property market in which the Group operates are still volatile. Fortunately, as our fundings were mainly sourced from our related parties and the property development project bank loan facilities, even though the property market is facing unprecedented challenges and pressure, the Group has maintained a steady cash flow from its operations during the Period. Moreover, the management has moderately amended the construction plan in order to keep a balance between the cash outflow of construction expenditures and the cash inflow from cash received from pre-sale of properties under development and completed properties held for sale.

Regarding the operation of Emerson, the situation surrounding the COVID-19 pandemic remains fluid. The longer the COVID-19 pandemic, the higher possibility for a material impact on the Emerson's results of operations and financial condition that could affect the activity levels in the United States and globally. For this reason, Emerson cannot reasonably estimate with any degree of certainty the future impact of COVID-19 may have on its business, results of operations or financial position. The extent of any impact will depend on future developments, including the duration of the outbreak, duration of the measures taken to control the spread, the effectiveness of actions taken to contain and treat the disease, and demand for the company's products. Accordingly, current results and financial condition recorded for the Period herein may not be indicative of the future operating results and trends for the second half of the financial year.

Even though the spread of the COVID-19 pandemic has adversely affected the normal operation of our PRC household appliances business in a 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.

Although the spread of the COVID-19 pandemic became severe in the PRC after the end of 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 expenditure. The Directors hope that such measures can save the resources at the current time, so that the Group will be able and ready to operate in full force when the operating environment is back to normal, thereby providing a better return to the shareholders of the Company in the long run.

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group as at 30 September 2022 was approximately 1.57 as compared to approximately 1.72 as at 31 March 2022. The decrease in the current ratio was mainly attributable to (i) the decrease in properties under development and (ii) the increase in contract liabilities from the Group's PRC 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 operations business, PRC household appliances business and PRC property development business.

During the six months ended 30 September 2022, new bank borrowings of approximately RMB60 million, equivalent to approximately HK\$70 million, have been procured at interest rate of 4.4%. The effective interest rate of the total bank borrowings portfolio at 30 September 2022 was approximately 5.15% (31 March 2022: approximately 5.63%). All the borrowings were in RMB and at floating interest rate bench-marked to rates published by the People's Bank of China. During the Period, 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.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group had no 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.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group does not have any concrete plan for material investments or capital assets for the coming 12 months from the date of this announcement.

GEARING RATIO

As at 30 September 2022, the Group's gearing ratio, expressed as net borrowings over total equity, was approximately 4.74 times (as at 31 March 2022: approximately 5.85 times).

CONTINGENT LIABILITIES

Except for the details set out below, the Group did not have significant contingent liabilities as at 30 September 2022 and up to the date of this announcement.

(i) Guarantees

The Group had provided guarantees of approximately HK\$1,377 million as at 30 September 2022 (as at 31 March 2022: approximately HK\$1,045 million) to banks in favour of the purchasers of the Group's properties under development and completed properties sold, up to an amount of 80% of the purchase price of individual property units, 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 prior to the releases of the guarantees, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. The guarantees start from the respective dates of grant of the mortgage loans.

In the opinion of the Directors, the total fair value of the financial guarantee contracts of the Group is insignificant at initial recognition. The Directors also consider the possibility of default by the parties involved to be remote and in case of default in payments, the net realisable value of the related properties would be able to cover the outstanding principal together with the accrued interest and penalties. Accordingly, no value has been recognised in the condensed consolidated statement of financial position as at 30 September 2022 (31 March 2022: Nil).

(ii) Legal cases

In an order made by the High Court of the 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 announcement, 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.

CAPITAL COMMITMENTS

As at 30 September 2022, the Group had contracted, but not provided for capital expenditure commitments of HK\$2,113 million (as at 31 March 2022: HK\$2,453 million) in respect of properties under development.

CHARGES ON GROUP ASSETS

As at 30 September 2022, properties under development with aggregate carrying amount of HK\$2,628 million were pledged to secure bank borrowing facilities for the Group (as at 31 March 2022: HK\$2,772 million).

TREASURY POLICIES

The Group's revenues are mainly in US dollars and RMB. Since the Hong Kong dollars is linked with the US dollars, 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 offsets 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 2022 was 138 (150 as at 31 March 2022). 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.

DIVIDENDS

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

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 C.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 C.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.

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 F.2.2

Pursuant to code provision F.2.2, the chairman of the board should attend, and should invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend, the annual general meeting. Mr. Tan, the Chairman of each of the Board and the Nomination Committee, was unable to attend the annual general meeting of the Company on 26 August 2022 due to his business engagement overrun.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rule as its own code of conduct regarding securities transactions by the Directors. Specific enquiry has been made to all Directors and all of them have confirmed that they have complied with the required standards as set out in the Model Code during the Period.

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.

PUBLICATION OF 2022 INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.nimbleholding.com). The 2022 interim report will be despatched to the Shareholders and available on the above websites in due course.

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

Hong Kong, 29 November 2022

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Tan Bingzhao and Mr. Deng Xiangping; and three independent non-executive Directors, namely, Dr. Lin Jinying, Dr. Lu Zhenghua and Dr. Ye Hengqing.