



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)

2022 INTERIM REPORT





CONTENTS

| | <i>Page</i> |
|----------------------------------------------------------------------------|-------------|
| Corporate Information | 2 |
| Condensed Consolidated Income Statement | 3 |
| Condensed Consolidated Statement of Comprehensive Income | 5 |
| Condensed Consolidated Statement of Financial Position | 7 |
| Condensed Consolidated Statement of Changes in Equity | 9 |
| Condensed Consolidated Statement of Cash Flows | 10 |
| Notes to the Unaudited Condensed Consolidated Interim Financial Statements | 12 |
| Management Discussion and Analysis | 45 |
| Other Information | 55 |



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
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

186

COMPANY'S WEBSITE

www.nimbleholding.com

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 2022 HK\$ million | 30 September 2021 HK\$ million |
| | Notes | | |
| Continuing operations | | | |
| REVENUE | 7 | 233 | 127 |
| Cost of sales | | (197) | (114) |
| | | <hr/> | <hr/> |
| Gross profit | | 36 | 13 |
| Other income | | 7 | 3 |
| Selling and distribution costs | | (18) | (23) |
| Administrative expenses | | (46) | (51) |
| Finance costs | 8 | —* | —* |
| | | <hr/> | <hr/> |
| LOSS BEFORE TAXATION | 9 | (21) | (58) |
| Income tax charge | 10 | (5) | (2) |
| | | <hr/> | <hr/> |
| LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS | | (26) | (60) |
| Discontinued operations | | | |
| LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS | 25 | — | (7) |
| | | <hr/> | <hr/> |
| LOSS FOR THE PERIOD | | (26) | (67) |
| | | <hr/> | <hr/> |

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

CONDENSED CONSOLIDATED INCOME STATEMENT (continued)

For the six months ended 30 September 2022

| | | (Unaudited) | |
|---------------------------------------------|-------|-----------------------------------------------|--------------------------------------|
| | | Six months ended | |
| | Notes | 30 September 2022 HK\$ million | 30 September 2021 HK\$ million |
| LOSS FOR THE PERIOD ATTRIBUTABLE TO: | | | |
| Shareholders of the Company | | | |
| | | (26) | (49) |
| | | – | (7) |
| | | (26) | (56) |
| Non-controlling interests | | | |
| | | –* | (11) |
| | | – | –* |
| | | –* | (11) |
| | | (26) | (67) |
| | | HK cents | HK cents |
| LOSS PER SHARE | | | |
| | 12 | | |
| From continuing and discontinued operations | | | |
| | | (0.47) | (1.02) |
| From continuing operations | | | |
| | | (0.47) | (0.89) |

* 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 | |
| Notes | 30 September 2022 HK\$ million | 30 September 2021 HK\$ million |
| LOSS FOR THE PERIOD | (26) | (67) |
| 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 | – | 1 |
| | (19) | 5 |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | (45) | (62) |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

For the six months ended 30 September 2022

| | (Unaudited) | |
|----------------------------------------------------------|--------------------------------------|--------------------------------------|
| | Six months ended | |
| Notes | 30 September 2022 HK\$ million | 30 September 2021 HK\$ million |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO: | | |
| Shareholders of the Company | | |
| – From continuing operations | (39) | (45) |
| – From discontinued operations | – | (7) |
| | <u>(39)</u> | <u>(52)</u> |
| Non-controlling interests | | |
| – From continuing operations | (6) | (10) |
| – From discontinued operations | – | –* |
| | <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

| | Notes | (Unaudited) As at 30 September 2022 HK\$ million | (Audited) As at 31 March 2022 HK\$ million |
|------------------------------------------------|-------|--------------------------------------------------------------|--------------------------------------------------------|
| NON-CURRENT ASSETS | | | |
| Plant and equipment | | 2 | 3 |
| Right-of-use assets | | 4 | 4 |
| Deferred tax assets | | 2 | 2 |
| Brands and trademarks | 13 | – | – |
| Goodwill | | – | – |
| Other assets | | 1 | 1 |
| | | 9 | 10 |
| CURRENT ASSETS | | | |
| Inventories | | 20 | 18 |
| Properties under development | 14 | 6,977 | 7,413 |
| Completed properties held for sale | 14 | 31 | 18 |
| Accounts receivable | 15 | 73 | 55 |
| Prepayments, deposits and other receivables | 16 | 206 | 180 |
| Cash and bank balances | 17 | 1,457 | 1,589 |
| | | 8,764 | 9,273 |
| CURRENT LIABILITIES | | | |
| Accounts payable | 18 | 806 | 820 |
| Contract liabilities | 19 | 2,763 | 2,305 |
| Accrued liabilities and other payables | | 144 | 81 |
| Amounts due to related parties | 20(a) | 1,528 | 1,729 |
| Interest-bearing bank loans | 21 | 321 | 464 |
| Lease liabilities | | 2 | 2 |
| Tax liabilities | | 8 | 4 |
| | | 5,572 | 5,405 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 September 2022

| | Notes | (Unaudited) As at 30 September 2022 HK\$ million | (Audited) As at 31 March 2022 HK\$ million |
|--------------------------------------------------------|-------|--------------------------------------------------------------|--------------------------------------------------------|
| NET CURRENT ASSETS | | 3,192 | 3,868 |
| NON-CURRENT LIABILITIES | | | |
| Amounts due to related parties | 20(a) | 1,900 | 2,364 |
| Amount due to a non-controlling shareholder | 20(b) | 304 | 319 |
| Amount due to a shareholder | 20(c) | 10 | – |
| Interest-bearing bank loans | 21 | 617 | 777 |
| Lease liabilities | | 2 | 1 |
| Tax liabilities | | 9 | 13 |
| | | 2,842 | 3,474 |
| NET ASSETS | | 359 | 404 |
| CAPITAL AND RESERVES | | | |
| Share capital | 23 | 55 | 55 |
| Share premium | | 386 | 386 |
| Reserves | | (195) | (156) |
| EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY | | 246 | 285 |
| NON-CONTROLLING INTERESTS | | 113 | 119 |
| TOTAL EQUITY | | 359 | 404 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

| | Share capital | Share premium | Contributed reserve** | Statutory reserve** | Exchange fluctuation reserve/ (deficit)** | Other reserve** | Accumulated deficits** | Equity attributable to the shareholders of the Company | Non-controlling interests | Total equity |
|--------------------------------------------------------------------------------------------------|---------------|---------------|-----------------------|---------------------|-------------------------------------------|-----------------|------------------------|--------------------------------------------------------|---------------------------|--------------|
| | HK\$ million | HK\$ million | HK\$ million | HK\$ million | HK\$ million | HK\$ million | HK\$ million | HK\$ million | HK\$ million | HK\$ million |
| At 1 April 2022 | 55 | 386 | 193 | 3 | 9 | 22 | (383) | 285 | 119 | 404 |
| Loss for the period | - | - | - | - | - | - | (26) | (26) | -* | (26) |
| Exchange differences arising on translation of financial statements of overseas PRC subsidiaries | - | - | - | - | (13) | - | - | (13) | (6) | (19) |
| Total comprehensive loss for the period | - | - | - | - | (13) | - | (26) | (39) | (6) | (45) |
| At 30 September 2022 (unaudited) | 55 | 386 | 193 | 3 | (4) | 22 | (409) | 246 | 113 | 359 |
| 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 |

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

** These accounts comprise deficit in reserves of approximately HK\$195 million (30 September 2021: approximately HK\$119 million) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

| | | (Unaudited) | |
|--------------------------------------------------------------------------------------------------------|-------|--------------------------------------|--------------------------------------|
| | | Six months ended | |
| | Notes | 30 September 2022 HK\$ million | 30 September 2021 HK\$ million |
| OPERATING ACTIVITIES | | | |
| Operating cash flows before movements in working capital | | (26) | (66) |
| Increase in properties under development | | (239) | (616) |
| Increase in completed properties held for sale | | (15) | – |
| Increase/(decrease) in accounts payable | | 74 | (1,117) |
| Increase in contract liabilities | | 704 | 805 |
| Other movements in working capital | | 19 | (46) |
| | | <hr/> | <hr/> |
| Cash generated from/(used in) operations | | 517 | (1,040) |
| PRC and overseas profits tax paid | | (29) | (17) |
| | | <hr/> | <hr/> |
| Net cash generated from/(used in) operating activities | | 488 | (1,057) |
| | | <hr/> | <hr/> |
| INVESTING ACTIVITIES | | | |
| Decrease in short-term deposits with original maturities more than three months but less than one year | | – | 195 |
| Acquisition of plant and equipment | | – | (4) |
| Net cash inflows from the disposal of subsidiaries | 22 | – | 32 |
| Placement of restricted bank deposits | | (7) | (226) |
| Interest received | | 7 | 1 |
| | | <hr/> | <hr/> |
| Net cash used in investing activities | | – | (2) |
| | | <hr/> | <hr/> |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 September 2022

| | (Unaudited) | |
|------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| | Six months ended | |
| Notes | 30 September 2022 HK\$ million | 30 September 2021 HK\$ million |
| FINANCING ACTIVITIES | | |
| Repayment of lease liabilities | (1) | (1) |
| Increase in amounts due to related parties | 2,011 | 2,183 |
| Increase in amount due to a non-controlling shareholder | 7 | 77 |
| Increase in amount due to a shareholder | 10 | – |
| Increase in interest-bearing bank loans | 70 | 1,038 |
| Repayments to related parties | (2,303) | (1,636) |
| Repayments to a non-controlling shareholder | – | (280) |
| Repayments of bank loans and interest | (274) | (12) |
| Net cash (used in)/generated from financing activities | (480) | 1,369 |
| Net increase in cash and cash equivalents | 8 | 310 |
| Cash and cash equivalents at 1 April | 459 | 160 |
| Effect of foreign exchange rate changes, net | (26) | 2 |
| Cash and cash equivalents at 30 September | 441 | 472 |
| Analysis of balances of cash and cash equivalents: | | |
| Bank balances | 243 | 267 |
| Short-term deposits with original maturities within three months | 198 | 205 |
| | 441 | 472 |

17



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 25.

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

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

For the six months ended 30 September 2022

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.



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

For the six months ended 30 September 2022

2. BASIS OF PREPARATION (continued)

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.

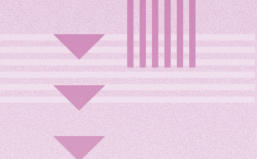
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

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 seven property development projects as of 30 September 2022 (31 March 2022: seven). The Group has launched the pre-sales 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) as set out in Note 19. 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 of 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 are required in the foreseeable future.
- Management of the Group has considered relevant facts and circumstances, and prepared a projected cash flow forecast 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 2022

2. BASIS OF PREPARATION (continued)

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 Contracts – Cost of Fulfilling a Contract |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2018–2020 |
| Amendments to Accounting Guideline 5 | Accounting Guideline 5 Merger Accounting for 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 financial report. The Group has not applied any other new standard or interpretation that is not yet effective for the current accounting period.

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

For the six months ended 30 September 2022

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. 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 2022.

There have been no significant changes in the policies on how to mitigate these risks since the year ended 31 March 2022.

6. 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 |

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

For the six months ended 30 September 2022

6. SEGMENT INFORMATION (continued)

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

For the six months ended 30 September 2022

| | PRC Property Development HK\$ million | Emerson HK\$ million | PRC Household Appliances HK\$ million | PRC IT Services HK\$ million | Consolidated HK\$ million |
|----------------------------------------------------------------------|------------------------------------------------|-------------------------|------------------------------------------------|------------------------------------|------------------------------|
| 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 | – | – | – | – | – |
| 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> |

* 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 2022

6. SEGMENT INFORMATION (continued)

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

For the six months ended 30 September 2021

| | PRC Property Development HK\$ million | Emerson HK\$ million | PRC Household Appliances HK\$ million | PRC IT Services HK\$ million | Consolidated HK\$ million |
|----------------------------------------------------------------------|------------------------------------------------|-------------------------|------------------------------------------------|------------------------------------|------------------------------|
| 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 | – | – | – | – | – |
| Total segment revenue | – | 29 | 98 | – | 127 |
| Results: | | | | | |
| Segment results | (41) | (13) | 8 | –* | (46) |
| Reconciliations: | | | | | |
| Unallocated corporate expenses | | | | | (11) |
| Expected credit loss ("ECL") on accounts receivable | | | (2) | | (2) |
| Interest income | | | | | 1 |
| Loss before taxation | | | | | (58) |

* 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 2022

6. SEGMENT INFORMATION (continued)

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

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

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

For the six months ended 30 September 2022

6. SEGMENT INFORMATION (continued)

(c) Geographical information

| | (Unaudited) Six months ended | |
|-----------------|--------------------------------------|--------------------------------------|
| | 30 September 2022 HK\$ million | 30 September 2021 HK\$ million |
| Revenue: | | |
| PRC | 207 | 98 |
| USA | 26 | 29 |
| | 233 | 127 |

7. 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 2022 HK\$ million | 30 September 2021 HK\$ million |
| Continuing operations: | | |
| By principal activities: | | |
| Sales of properties | 119 | – |
| Sales of goods | 109 | 127 |
| Licensing income | 5 | –* |
| | 233 | 127 |

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

* 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 2022

8. FINANCE COSTS

| | (Unaudited) | |
|------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| | Six months ended | |
| | 30 September 2022 HK\$ million | 30 September 2021 HK\$ million |
| Continuing operations: | | |
| Interest on loans from related parties | 56 | 91 |
| Interest on loans from a non-controlling shareholder | 12 | 17 |
| Interest on loan from a shareholder | _* | – |
| Interest on bank loans | 27 | 19 |
| Interest on lease liabilities | _* | _* |
| | <hr/> | <hr/> |
| | 95 | 127 |
| Less: interest expense capitalised into properties under development (Note (i)) | (95) | (127) |
| | <hr/> | <hr/> |
| | _* | _* |
| | <hr/> | <hr/> |

Note:

(i) The finance costs incurred by the Group in both periods arose from funds borrowed specifically for the purpose of obtaining the qualifying assets.

* 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 2022

9. LOSS BEFORE TAXATION

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

| | (Unaudited) Six months ended | |
|----------------------------------------------------------|--------------------------------------|--------------------------------------|
| | 30 September 2022 HK\$ million | 30 September 2021 HK\$ million |
| 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 | (4) | (5) |
| | <u>24</u> | <u>26</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> |

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

Included in other income in the condensed consolidated income statement.

** Included in selling and distribution costs.

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

For the six months ended 30 September 2022

10. INCOME TAX CHARGE

No Hong Kong profits tax has been provided for the Period/the 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 HK\$ million | 30 September 2021 HK\$ million |
| Continuing operations: | | |
| Current tax – PRC enterprise income tax | (5) | (2) |
| Deferred tax – PRC | –* | –* |
| | <hr/> | <hr/> |
| Income tax charge | (5) | (2) |
| | <hr/> | <hr/> |

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

11. DIVIDEND

The Directors do 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 2022

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 2022 | 30 September 2021 |
| | HK\$ million | HK\$ million |
| Loss attributable to the shareholders of the Company used in the basic loss per share calculation | (26) | (56) |
| Shares: | | |
| Weighted average number of ordinary shares for the purpose 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 2022

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 2022 HK\$ million | 30 September 2021 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) |
| | <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 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.

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

For the six months ended 30 September 2022

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 2022.

14. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

| | (Unaudited) 30 September 2022 HK\$ million | (Audited) 31 March 2022 HK\$ million |
|---------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------|
| 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 |
| | 6,977 | 7,413 |
| Completed properties held for sale | 31 | 18 |
| | 7,008 | 7,431 |

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.

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

For the six months ended 30 September 2022

14. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE (continued)

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.

15. ACCOUNTS RECEIVABLE

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

| | (Unaudited) 30 September 2022 HK\$ million | (Audited) 31 March 2022 HK\$ million |
|------------------------|-----------------------------------------------------|-----------------------------------------------|
| Gross amount | 81 | 63 |
| Less: allowance of ECL | (8) | (8) |
| Net amount | <u>73</u> | <u>55</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 HK\$ million | (Audited) 31 March 2022 HK\$ million |
|---------------------------------------------------|-----------------------------------------------------|-----------------------------------------------|
| At beginning of the Period/the Corresponding Year | 8 | 7 |
| Addition | – | 1 |
| 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.

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

For the six months ended 30 September 2022

15. ACCOUNTS RECEIVABLE (continued)

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

| | (Unaudited) | (Audited) |
|------------|---------------------|--------------|
| | 30 September | 31 March |
| | 2022 | 2022 |
| | HK\$ million | HK\$ million |
| 0–3 months | 47 | 54 |
| 3–6 months | 26 | 1 |
| | <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.

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | (Unaudited) | (Audited) |
|-----------------------------------------|---------------------|--------------|
| | 30 September | 31 March |
| | 2022 | 2022 |
| | HK\$ million | HK\$ million |
| Prepayments (Note (i)) | 16 | 8 |
| Deposits (Note (ii)) | 15 | 16 |
| Prepaid income tax (Note (iii)) | 67 | 47 |
| Cost of obtaining contracts (Note (iv)) | 97 | 68 |
| Other receivables (Note (v)) | 11 | 41 |
| | <u>206</u> | <u>180</u> |



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

For the six months ended 30 September 2022

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes:

- (i) Included in prepayments are prepaid expenses related to property development operations in the PRC and deposits for subsequent purchases of inventories advanced to suppliers amounting to approximately HK\$11 million and approximately HK\$0.5 million respectively as of the end of reporting period (31 March 2022: approximately HK\$3 million and approximately HK\$1.1 million respectively). The deposits were non-interest bearing and covered 0–3 months of purchases.
- (ii) Deposits mainly represented payments made for project related deposits which are refundable upon completion of the property development projects. In the opinion of the Directors, most of the balance is expected to be settled after the period of twelve months from the end of the reporting period.
- (iii) Prepaid income tax mainly represented prepaid LAT imposed by the PRC's tax authorities ahead of the completion of transactions and revenue recognition, which is generally based on 1% to 4.5% on proceeds from pre-sale of properties. In the opinion of the Directors, most of the balance is expected to be settled after the period of twelve months from the end of the reporting period.
- (iv) 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, approximately HK\$38 million of which are expected to be charged to consolidated profit or loss more than twelve months from the end of the reporting period when the revenue from the related property sales is recognised, at which time such costs will be included in selling and distribution expenses.
- (v) Other receivables mainly represented value-added tax receivables related to the property development operations in the PRC as a result of the construction costs paid. In the opinion of the Directors, most of the balance is expected to be settled after the period of twelve months from the end of the reporting period.

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

For the six months ended 30 September 2022

17. CASH AND BANK BALANCES

| | (Unaudited) 30 September 2022 HK\$ million | (Audited) 31 March 2022 HK\$ million |
|------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------|
| Bank balances | 243 | 287 |
| Short-term deposits with original maturities within three months | 198 | 172 |
| Cash and cash equivalents in the condensed consolidated statement of cash flows | 441 | 459 |
| Restricted bank deposits (Note (i)) | 1,016 | 1,130 |
| | 1,457 | 1,589 |

Note:

- (i) Restricted bank deposits represented guarantee deposits for construction of pre-sale properties and are denominated in Renminbi (“RMB”) and placed in designated bank accounts. In accordance with relevant government requirements, property development companies of the Group are required to place certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for the construction of the related properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained.

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

For the six months ended 30 September 2022

18. 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 (Note (i)) | <u>753</u> | <u>780</u> |
| | <u>806</u> | <u>820</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.

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

For the six months ended 30 September 2022

19. CONTRACT LIABILITIES

| | (Unaudited) 30 September 2022 HK\$ million | (Audited) 31 March 2022 HK\$ million |
|-------------------------------|-----------------------------------------------------|-----------------------------------------------|
| Sale of properties (Note (i)) | 2,763 | 2,305 |
| Others | —* | —* |
| | <u>2,763</u> | <u>2,305</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 14, these balances are expected to be settled within the Group's normal operating cycle.

* 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 2022

20. 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> |

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

For identification purposes only

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

For the six months ended 30 September 2022

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

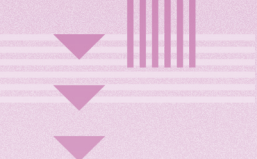
(a) Amounts due to related parties (continued)

| | Effective Contractual interest rate (%) | (Unaudited) 30 September 2022 HK\$ million | Effective Contractual interest rate (%) | (Audited) 31 March 2022 HK\$ million |
|----------------------------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------|--------------------------------------------------|-----------------------------------------------|
| 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 TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

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

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

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.

For identification purposes only

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

For the six months ended 30 September 2022

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

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

Notes: (continued)

- (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.

(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.

[#] For identification purposes only

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

For the six months ended 30 September 2022

21. INTEREST-BEARING BANK LOANS

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

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 14.

* For identification purposes only

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

For the six months ended 30 September 2022

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:

| | 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 2022

23. SHARE CAPITAL

| | Number of shares '000 | Share capital HK\$ million |
|----------------------------------------------------------------------------|-----------------------------|----------------------------------|
| Authorised share capital: | | |
| Ordinary shares of HK\$0.01 each at 30 September 2022 and 31 March 2022 | 20,000,000 | 200 |
| Issued and fully paid share capital: | | |
| Ordinary shares of HK\$0.01 each at 30 September 2022 and 31 March 2022 | 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 2022 and up to the date of this report.

i. Guarantees

The Group had provided guarantees of approximately HK\$1,377 million as at 30 September 2022 (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 the 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.

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

For the six months ended 30 September 2022

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 2022 (31 March 2022: Nil).

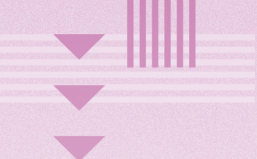
ii. Legal cases

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 any of the matters described above, after having considered their respective merits.



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

For the six months ended 30 September 2022

25. 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 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 was 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.

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

For the six months ended 30 September 2022

25. DISCONTINUED OPERATIONS (continued)

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:

| | HK\$ million |
|-------------------------------------------------------------------|--------------|
| Revenue | 7 |
| Administrative expenses | (17) |
| | <hr/> |
| Loss before taxation | (10) |
| Income tax | (2) |
| | <hr/> |
| Loss after taxation | (12) |
| Gain on disposal of the discontinued operations (Note 22) | 5 |
| | <hr/> |
| Loss for the period from discontinued operations | (7) |
| | <hr/> |
| Loss for the period from discontinued operations attributable to: | |
| – Owners of the Company | (7) |
| – Non-controlling interest | –* |
| | <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 2022

25. DISCONTINUED OPERATIONS (continued)

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

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

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

| | HK\$ million |
|-----------------------------------------------------------------------------------------|--------------|
| Net cash inflow from operating activities and net increase in cash and cash equivalents | <u>3</u> |

* 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.

27. CAPITAL COMMITMENTS

| | (Unaudited) 30 September 2022 HK\$ million | (Audited) 30 September 2021 HK\$ million |
|----------------------------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------|
| Contracted for but not provided in respect of properties under development | <u>2,113</u> | <u>2,453</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded a revenue of HK\$233 million for the period ended 30 September 2022 (the “Period”) as compared to HK\$127 million for the period ended 30 September 2021 (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.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 property 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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 (RMB million) | 30 September 2021 (RMB million) | 30 September 2022 (sq.m.) | 30 September 2021 (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 |

For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 (sq.m.) | 30 September 2021 (sq.m.) | 30 September 2022 (sq.m.) | 30 September 2021 (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 | 1,121,700 | 837,900 | 931,000 | 699,800 |

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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 | 129,100 | 413,200 | 102,900 | 359,800 |

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.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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, the 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 a certain extent, the management responsible for 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.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 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 Period, 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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 report.

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

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.

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).



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 (as at 31 March 2022: 150). 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

DIVIDENDS

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2022, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and 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 | Number of shares held in the Company | | | | Approximate percentage of total issued share capital |
|---------------------------------|---------------------|--------------------------------------|------|-----------------|-------|------------------------------------------------------|
| | | Corporate interests | Note | Other interests | Note | |
| Mr. Tan Bingzhao ("Mr. Tan") | Long position | 3,616,712,779 | (ii) | 439,180,000 | (iii) | 73.85% |

Notes:

- (i) As at 30 September 2022, 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 wholly 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 beneficiary of the discretionary trust. In this respect, Mr. Tan is deemed to hold interests of these shares under the SFO.

OTHER INFORMATION (continued)

Save as disclosed above, none of the Directors or chief executive of the Company had, or were deemed to hold, any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 September 2022.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2022, 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:

| Name of substantial shareholder | Capacity | Number of issued ordinary shares of HK\$0.01 each in the Company held | Approximate percentage of the issued share capital |
|-----------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------|
| 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)

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 own 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 100% interests 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 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 2022, none of the Directors nor 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)

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 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.

OTHER INFORMATION (continued)

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 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.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the Directors' information since the date of the annual report 2021/22 of the Company are set out below:

| Name of Director | Details of Changes |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dr. Lin Jinying | – retired as an associate professor from Guangzhou Nanyang Polytechnic College in July 2022 and accepted the appointment as the Dean of School of Medicine and Health, Guangzhou Donghua Vocational College (廣州東華職業學院醫藥健康學院院長) |

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



OTHER INFORMATION (continued)

REVIEW OF INTERIM FINANCIAL REPORT BY THE AUDIT COMMITTEE

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 and agreed with all the accounting treatments which have been adopted therein, reviewed and confirmed the accounting principles and practices adopted by the Group, and discussed risk management, internal controls and financial reporting matters.

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

Hong Kong, 29 November 2022