



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

(Incorporated in Bermuda with limited liability)

Stock Code : 918



INTERIM REPORT
2020

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MANAGEMENT COMMENTARY

The board (the “**Board**”) of directors (the “**Directors**”) of State Energy Group International Assets Holdings Limited (the “**Company**”) presents the interim report and the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2020, together with the comparatives.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

GARMENT BUSINESS

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

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

PROPERTY INVESTMENT

As at 30 September 2020, the Group held six investment properties located in the PRC and five investment properties (including three car parking spaces) located in Hong Kong for generating rental income purposes (the **“Investment Properties”**). As at 30 September 2020, all investment properties were fully leased out. As at 30 September 2020, the value of investment properties of the Company amounted to approximately HK\$121.5 million.

MARKETING AND PROMOTIONAL SERVICES

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

* for identification purpose only

FINANCIAL REVIEW

REVENUE

The Group recorded revenue of approximately HK\$108.5 million for the six months ended 30 September 2020, representing an increase of approximately HK\$20.3 million (23%) as compared to that of approximately HK\$88.2 million for the six months ended 30 September 2019. Revenue derived from the Garment Business increased by approximately HK\$5.5 million (6.4%) from approximately HK\$86.6 million for the six months ended 30 September 2019 to approximately HK\$92.1 million for the six months ended 30 September 2020 mainly due to expansion of the Brand Business as a result of increasing number of orders. Revenue derived from Property Business decreased by approximately 37.5% from approximately HK\$1.6 million for the six months ended 30 September 2019 to approximately HK\$2.2 million for the six months ended 30 September 2020.

Revenue derived from the newly set up Marketing Business was in the sum of approximately HK\$14.2 million for the six months ended 30 September 2020.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group recorded a gross profit of approximately HK\$14 million in respect of the Garment Business for the six months ended 30 September 2020, representing an increase of approximately HK\$3.6 million (34.6%) compared to approximately HK\$10.4 million for the six months ended 30 September 2019. The increase was in line with the increase in revenue. The gross profit margin of the Garment Business was approximately 15.6% for the six months ended 30 September 2020 compared to approximately 12% for the six months ended 30 September 2019. The increase was due to higher profit margin generated from Brand Business during this period.

The Group recorded a gross profit of approximately HK\$3.9 million in respect of the Property Business for the six months ended 30 September 2020, representing an increase of approximately 143.8% as compared to approximately HK\$1.6 million for the six months ended 30 September 2019.

The Group recorded a gross profit of approximately HK\$2.2 million in respect of the Marketing Business for the six months ended 30 September 2020.

SELLING, DISTRIBUTION AND MARKETING EXPENSES

Selling, distribution and marketing expenses increased by approximately 312.5% from approximately HK\$0.8 million for the six months ended 30 September 2019 to approximately HK\$3.3 million for the six months ended 30 September 2020. The increase was mainly due to increase in marketing expenses for the Garment Business and the Marketing business.

MANAGEMENT DISCUSSION AND ANALYSIS

ADMINISTRATIVE EXPENSES

Administrative expense decreased by approximately 21.2% from approximately HK\$9.9 million for the six months ended 30 September 2019 to approximately HK\$7.8 million for the six months ended 30 September 2020. The decrease was mainly due to decrease in legal and professional fee related to listing and several potential acquisition projects and reduction in staff costs as a result of reorganisation of the Group.

CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES

The change in fair value change of investment properties of approximately HK\$0.3 million for the six months ended 30 September 2020 represented fair value adjustment of the Group's properties located in Hong Kong and the PRC as at 30 September 2020.

FINANCE COST

Finance cost decreased by approximately 67.2% from approximately HK\$5.8 million for the six months ended 30 September 2019 to approximately HK\$1.9 million for the six months ended 30 September 2020. This was mainly due to an decrease in interest from amounts due to a shareholder for general working capital of the Group.

PROSPECT

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND FINANCIAL RATIO

During the six months ended 30 September 2020, the Group financed its operations and investments mainly by internally generated funds and debt financing.

Cash Position

The Group had total cash and bank balances of approximately HK\$19.3 million as at 30 September 2020 (31 March 2020: approximately HK\$12.3 million).

Bank and other borrowings

As at 30 September 2020, bank and other borrowings of the Group amounted to approximately HK\$225.5 million, including bank borrowings of approximately HK\$50.6 million, shareholder's loans of approximately HK\$119.2 million and loans from a related company of approximately HK\$55.7 million. All bank and other borrowings of approximately HK\$225.5 million are repayable within one year or on demand.

As of 31 March 2020, bank and other borrowings of the Group amounted to approximately HK\$220.5 million, including shareholder's loans of approximately HK\$147.7 million and loans from a related company of approximately HK\$72.8 million. All bank and other borrowings of approximately HK\$220.5 million are repayable within one year or on demand.

Leverage

The ratio of current assets to current liabilities of the Group was approximately 0.6 as at 30 September 2020 compared to approximately 0.54 as at 31 March 2020 which remains stable for the two periods. The Group's gearing ratio as at 30 September 2020 was approximately 677.2% (31 March 2020: approximately 662.2%), which is calculated based on the Group's bank and other borrowings of approximately HK\$225.5 million (31 March 2020: approximately HK\$220.5 million) and the Group's total equity of approximately HK\$40.3 million (31 March 2020: approximately HK\$33.3 million). The increase in gearing ratio was mainly due to the increase in bank and other borrowings.

INTERIM DIVIDENDS

The Board does not recommend declaring any interim dividends for the six months ended 30 September 2020 (for the six months ended 30 September 2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

RISK MANAGEMENT

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

Foreign currency risk

The monetary assets and liabilities and business transaction of the Group are mainly based on Hong Kong dollars, RMB and United States dollars (“USD”). In view of the stability of the exchange rate between these currencies, the Directors do not consider that the Group was significantly exposed to foreign exchange risk for the six months ended 30 September 2020. The Group manages its foreign exchange risk by performing regular reviews of the Group’s net foreign exchange exposures and to mitigate the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. During the six months ended 30 September 2020 and 2019, no forward foreign exchange or hedging contracts had been entered into by the Group. The Group will continue to evaluate the Group’s foreign currency exposure and take actions as appropriate.

Credit risk

The Group’s credit exposure generally arises from counterparty risk in the course of engaging in the Garment Business, the Property Business and the Marketing Business. As at 30 September 2020, trade receivables and trade payables of the Group were approximately HK\$93 million and HK\$53 million (31 March 2020: approximately HK\$87.2 million and approximately HK\$37.0 million), respectively. The Group has a policy in financial risk management to ensure settlement of all receivables and payables during the credit period.

Liquidity risk

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

MANAGEMENT DISCUSSION AND ANALYSIS

TREASURY POLICIES

As at 30 September 2020, bank and other borrowings of approximately HK\$225.5 million (31 March 2020: approximately HK\$220.5 million) were denominated in Hong Kong dollars. The Group's bank loans are subject to floating interest rates while shareholder's loans and loans from related company are subject to fixed interest rates. Cash and cash equivalents held by the Group were mainly denominated in USD, RMB and Hong Kong dollars. The Group currently does not have foreign currency and interest rate hedging policies. However, the management of the Group monitors the foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign exchange and interest rate exposure if needed.

CHARGE OF ASSETS

As of 30 September 2020, the investment properties and leasehold land and buildings in Hong Kong and the PRC held by the Group with an aggregate carrying value of approximately HK\$112.1 million (31 March 2020: approximately HK\$115.5 million) were pledged as first legal charges for the Group's banking facilities.

OTHER INFORMATION

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

The Group had no material acquisition and disposal of subsidiaries or associated companies during the six months ended 30 September 2020.

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group for the six months ended 30 September 2020 are set out in note 4 to the condensed consolidated financial statements attached to this interim report.

CAPITAL COMMITMENTS

The Group did not have any material capital commitment as at 30 September 2020.

CONTINGENT LIABILITIES AND LITIGATION

The Company has executed guarantees for the banking facilities made by its subsidiaries. As at 30 September 2020, the utilised facilities amounted to approximately HK\$54.3 million (31 March 2020: approximately HK\$10.4 million).

Except for the foregoing, as at 30 September 2020, the Group had no other significant contingent liabilities or pending litigation.

STAFF AND REMUNERATION POLICIES

As at 30 September 2020, the Group had a total of 55 employees (31 March 2020: 45 employees). Total staff costs (including Directors' emoluments) for the six months ended 30 September 2020 amounted to approximately HK\$6.3 million (for the six months ended 30 September 2019: approximately HK\$4.6 million). Primary means of remuneration include contributory provident funds, insurance and standard medical benefits. The emoluments of the Directors are decided by the remuneration committee of the Company based on the Company's operating results, individual performance and comparable market statistics. The Group has also adopted an annual discretionary bonus scheme for management and staff subject to the performance of the Group and individual employees. As at 30 September 2020, the Group has no outstanding share options issued to the Directors and employees for the purpose of providing incentives or rewards to the eligible employees for their contribution to the Group.

SIGNIFICANT INVESTMENT

The Group had no significant investment during the six months ended 30 September 2020.

CHANGES IN DIRECTORS

There are no other matters that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

During the six months ended 30 September 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SHARE OPTION SCHEME

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

No share options under the above scheme were granted nor exercised during the six months ended 30 September 2020 and no share options were outstanding as at 30 September 2020.

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

As at 30 September 2020, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**") (Chapter 571 of the Laws of Hong Kong)) which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to section 352 of Part XV of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), were as follows:

OTHER INFORMATION

LONG POSITIONS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

Name of Director or chief executive	Nature of interest	Number of issued shares held	Percentage of the issued share capital
Mr. Zhang Jinbing ("Mr. Zhang")	Interest in controlled corporation (<i>Note</i>)	546,448,493 (<i>Note</i>)	70.47%

Note:

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

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 September 2020.

SUBSTANTIAL SHAREHOLDERS' INTEREST

So far as is known to the Directors and the chief executives of the Company, as at 30 September 2020, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

LONG POSITIONS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

Name of shareholder	Nature of interest	Number of issued shares of the Company held	Approximate percentage of the issued share capital of the Company
Always Profit	Beneficial owner	546,448,493	70.47%

Save as disclosed above, no other person (other than a Director or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 30 September 2020.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as contained in Appendix 14 of the Listing Rules during the six months ended 30 September 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company confirmed that all Directors complied with the required standards as set out in the Model Code during the six months ended 30 September 2020.

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

AUDIT COMMITTEE

The principal responsibilities of the audit committee of the Company (the “**Audit Committee**”) include reviewing and supervising of the Group’s financial reporting process, risk management and internal control. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2020 and decided that such statements were properly prepared in accordance with the statutory requirements and applicable accounting standards. The Audit Committee currently comprises of three INEDs, namely Mr. Chow Hiu Tung, Mr. Zhao Hagen and Ms. Yang Yanli.

By Order of the Board

State Energy Group International Assets Holdings Limited

Zhang Jinbing

Chairman

Hong Kong

27 November 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		For the six months ended 30 September	
		2020 <i>(Unaudited)</i> HK\$'000	2019 <i>(Unaudited)</i> HK\$'000
	Notes		
Revenue	4	108,480	88,208
Cost of sales		(88,408)	(76,207)
		20,072	12,001
Gross profit			
Other net gain	5	764	368
Other income	5	2,216	25
Selling, distribution and marketing expenses		(3,313)	(769)
Administrative expenses		(7,769)	(9,925)
Reversal of/(loss allowance) on trade receivables		68	(95)
Impairment loss on leasehold improvement		(258)	—
Impairment loss on right-of-use assets		(1,016)	—
Changes in fair value of investment properties		(312)	3,975
		10,452	5,580
Operating profit			
Finance costs	6	(1,855)	(5,767)
		8,597	(187)
Profit/(loss) before taxation	8		
Income tax	10	(961)	639
		7,636	452
Profit for the period			
Other comprehensive income for the period (net of tax)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		214	—
Release of translation reserve upon disposal of subsidiaries		—	(393)
Item that will not be reclassified to profit or loss:			
Loss on revaluation of land and building held for own use		(498)	—
		7,352	59
Total comprehensive income for the period			

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		For the six months ended 30 September	
		2020 <i>(Unaudited)</i> HK\$'000	2019 <i>(Unaudited)</i> HK\$'000
	<i>Notes</i>		
Profit for the period attributable to:			
Equity shareholders of the Company		6,590	452
Non-controlling interests		1,046	—
		7,636	452
Total comprehensive income attributable to:			
Equity shareholders of the Company		6,220	59
Non-controlling interests		1,132	—
		7,352	59
Earnings per share			
— basic (HK cents)	<i>11</i>	0.85	0.06
— diluted (HK cents)		0.85	0.06

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

		30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	13	36,118	37,755
Right-of-use assets	13	2,160	4,083
Investment properties	14	121,473	121,785
Rental deposit		680	680
		160,431	164,303
Current assets			
Inventories		47,408	21,546
Trade and other receivables	15	107,118	112,407
Cash and cash equivalents		19,290	12,272
		173,816	146,225
Total assets		334,247	310,528
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	17	77,540	77,540
Reserves		(39,868)	(46,088)
		37,672	31,452
Non-controlling interests		2,648	1,516
Total equity		40,320	32,968

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Notes	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		1,404	2,366
Rental deposit received		596	489
Deferred tax liabilities		3,961	3,961
		5,961	6,816
Current liabilities			
Trade and other payables	16	56,166	45,741
Bank borrowings	18	50,594	—
Amounts due to a shareholder	19	119,204	147,673
Amounts due to a related company	20	55,657	72,800
Lease liabilities		2,506	1,842
Contract liabilities		891	766
Tax payable		2,948	1,922
		287,966	270,744
Total liabilities		293,927	277,560
Total equity and liabilities		334,247	310,528
Net current liabilities		(114,150)	(124,519)
Total assets less current liabilities		46,281	39,784

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to equity holders of the Company									Non-controlling interests	Total
	Share capital	Share premium	Revaluation reserve	Consolidation reserve	PRC Statutory Reserve	Translation reserve	Capital reserve	Accumulated losses	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2019 (Audited)	77,540	66,894	11,855	2,214	–	393	8,678	(144,862)	22,912	6,296	29,208
Profit for the period	–	–	–	–	–	–	–	452	452	–	452
Other comprehensive expense	–	–	–	–	–	(393)	–	–	(393)	–	(393)
Total comprehensive income/ (expense) for the period	–	–	–	–	–	(393)	–	452	59	–	59
Equity contribution from a shareholder	–	–	–	–	–	–	1,376	–	1,376	–	1,376
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(6,296)	(6,296)
Balance at 30 September 2019 (Unaudited)	77,540	66,894	11,855	2,214	–	–	10,254	(144,410)	24,347	–	24,347
Balance at 1 April 2020 (Audited)	77,540	66,894	10,070	2,214	226	(54)	10,254	(135,692)	31,452	1,516	32,968
Profit for the period	–	–	–	–	–	–	–	6,590	6,590	1,046	7,636
Other comprehensive income	–	–	(498)	–	–	128	–	–	(370)	86	(284)
Total comprehensive income for the period	–	–	(498)	–	–	128	–	6,590	6,220	1,132	7,352
Balance at 30 September 2020 (Unaudited)	77,540	66,894	9,572	2,214	226	74	10,254	(129,102)	37,672	2,648	40,320

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	For the six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Net cash used in operating activities	(5,944)	(5,366)
Investing activities		
Interest received	1	23
Deposit received	500	—
Net cash outflow from disposal of subsidiaries	(343)	(3,922)
Purchase of plant and equipment	—	(1,118)
Withdrawal of pledged bank deposits	—	522
Net cash generated from/(used in) investing activities	158	(4,495)
Financing activities		
Interest on bank borrowings	(522)	(868)
Interest on lease liabilities	(112)	—
Proceed from loans from a shareholder	38,491	24,800
Repayment of loans from a shareholder	(57,086)	(16,546)
Repayment of loans from a related party	(18,364)	—
Proceeds from bank borrowings	61,594	—
Repayment of bank borrowings	(11,000)	(1,114)
Repayment of lease liabilities	(298)	(328)
Net cash generated from financing activities	12,703	5,944
Net increase/(decrease) in cash and cash equivalents	6,917	(3,917)
Cash and cash equivalents at beginning of period	12,272	17,206
Effects of exchange rate changes	101	458
Cash and cash equivalents at end of period	19,290	13,747
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	19,290	13,747

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1. GENERAL INFORMATION

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

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

These condensed consolidated financial statements has been approved for issue by the Board on 27 November 2020.

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

2. BASIS OF PREPARATION

This condensed consolidated financial statements for the six months ended 30 September 2020 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2020, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ended 31 March 2020. Details of any changes in accounting policies are set out in note 3.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2020.

The condensed consolidated financial statements have been prepared on a going concern basis even through the Group’s current liabilities exceeds its current assets by approximately HK\$114,150,000 at 30 September 2020. The directors are of the opinion that this basis is appropriate because a controlling shareholder has agreed to provide continuing financial support, if necessary, to the Group to meet its obligation as and when they fall due. In addition, the Group has taken various measures to tighten cost controls over operating costs and expenses with the aim to attain profitable and positive cash flow operations. The directors are taking steps to improve the Group’s liquidity and financial performance including active cost-saving and other measures to improve the Group’s operating cash flows and financial position. Accordingly, it is not necessary to include any adjustments that would be required should the Group fail to continue as a going concern.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

3. ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

4. REVENUE AND SEGMENT INFORMATION

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

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

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

- ii. Property investment - Investing and letting of properties

- iii. Marketing services – Provision of marketing services.

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 September 2020 and 2019, respectively.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

	For the six months ended 30 September 2019		
	Garment business (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue			
– Sales of garments: recognised at a point in time			
– Africa	37,971	–	37,971
– Hong Kong	48,630	–	48,630
– Rental income:			
– Hong Kong	–	934	934
– PRC	–	673	673
	<hr/>	<hr/>	<hr/>
	86,601	1,607	88,208
	<hr/>	<hr/>	<hr/>
Segment profit	4,393	5,930	10,323
Plant and equipment written off			(712)
Gain on disposal of subsidiaries			1,439
Unallocated operating income			5
Unallocated expenses			(5,475)
Finance costs			(5,767)
			<hr/>
Loss before taxation			(187)
Income tax			639
			<hr/>
Profit for the period			452
			<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The following table presents asset and liability information for the Group's operating segments as at 30 September 2020 and 31 March 2020, respectively:

	As at 30 September 2020			
	Garment business (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Marketing services (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment assets	177,100	122,755	15,098	314,953
Unallocated assets				19,294
Total assets				334,247
Segment liabilities	49,589	596	10,959	61,144
Unallocated liabilities				419
Bank borrowings				50,594
Amounts due to a shareholder				119,204
Amounts due to a related company				55,657
Tax payable				2,948
Deferred tax liabilities				3,961
Total liabilities				293,927

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

	As at 31 March 2020			
	Garment business <i>(Audited)</i> <i>HK\$'000</i>	Property investment <i>(Audited)</i> <i>HK\$'000</i>	Marketing Services <i>(Audited)</i> <i>HK\$'000</i>	Total <i>(Audited)</i> <i>HK\$'000</i>
Segment assets	157,549	122,907	12,538	292,994
Unallocated assets				17,534
Total assets				310,528
Segment liabilities	41,038	489	7,674	49,201
Unallocated liabilities				2,003
Amounts due to a shareholder				147,673
Amounts due to a related company				72,800
Tax payable				1,922
Deferred tax liabilities				3,961
Total liabilities				277,560

By geographical segments:

	Revenue For the six months ended 30 September	
	2020 <i>(Unaudited)</i> <i>HK\$'000</i>	2019 <i>(Unaudited)</i> <i>HK\$'000</i>
Africa	33,496	37,971
Hong Kong	59,628	49,564
PRC	15,356	673
	108,480	88,208

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

5. OTHER INCOME AND OTHER NET GAIN

	For the six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Other net gain		
Gain on disposal of subsidiaries	237	1,439
Net exchange gain/(loss)	527	(359)
Plant and equipment written off	—	(712)
	764	368
Other income		
Bank interest income	1	23
Government subsidies	840	—
Commission income	450	—
Management fee income	247	—
Others	678	2
	2,216	25

6. FINANCE COSTS

	For the six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interest on bank borrowings and overdrafts	522	626
Interest on lease liabilities	112	105
Interest on loans from a related company (Note)	1,221	1,789
Interest on loans from a shareholder	—	3,247
	1,855	5,767

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

The interest expense was accrued in accordance with the loan agreements carrying contracted interest rates from nil to 4.25% signed with State Energy HK and the effective interest rates were ranged from 4.25% to 5.75% during the six months ended 30 September 2020 (2019: 3.94% to 5.75%).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

7. GAIN ON DISPOSAL OF SUBSIDIARIES

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

7. GAIN ON DISPOSAL OF SUBSIDIARIES (CONTINUED)

- (b) In November 2018, the Company entered into an agreement for the disposal of the subsidiary, Takson Logistics Limited (“TCL”) for consideration of approximately RMB7,408,000 (approximately HK\$8,741,000). Completion of the disposal was taken place on 16 May 2019.

TCL holds 55% equity interests in Jiangsu Youyi International Logistics Co., Ltd, which was disposed upon the completion of disposal of TCL on 16 May 2019.

All assets and liabilities under the TCL were classified as assets and liabilities held for sale as at 31 March 2019.

	<i>HK\$'000</i>
Plant and equipment	1,251
Other receivables, prepayments and deposits paid	425
Bank balances and cash	12,663
Other payables and accruals	(348)
	<hr/>
Net assets disposed of	13,991
Release of translation reserve upon disposal of foreign subsidiaries	(393)
Release of non-controlling interests upon disposal of subsidiaries	(6,296)
Gain on disposal of subsidiaries	1,439
	<hr/>
Total consideration	8,741
	<hr/>
Net cash flow arising on disposal:	
Bank balances and cash received	8,741
Bank balances and cash disposed of	(12,663)
	<hr/>
	(3,922)
	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

8. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is stated after charging/(crediting) the following:

	For the six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Cost of inventories sold	88,408	76,207
Depreciation of properties, plant and equipment	881	342
Depreciation of right-of-use-assets	907	585
Plant and equipment written off	—	712
Impairment loss on leasehold improvement	258	—
Impairment loss on right-of-use assets	1,016	—
Changes in fair value of investment properties	312	(3,975)
(Reversal of)/loss allowance on trade receivables	(68)	95
Legal and professional fee	286	411
Royalty fee	797	—
Operating lease rentals in respect of short-term lease	—	1,410
Staff costs, including directors' emoluments (Note 9)	6,257	4,618

9. STAFF COSTS

	For the six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Salaries, wages and other benefits (including directors' emoluments)	6,056	4,493
Retirement benefit costs	201	125
	6,257	4,618

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

10. INCOME TAX

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, during the six months ended 30 September 2020, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

No provision of Hong Kong profits tax has been made on the estimated assessable profit of a subsidiary of the Company operating in Hong Kong as it had available tax losses brought forward to offset the assessable profits generated during the six months ended 30 September 2019.

No provision of Hong Kong profits tax has been made on the other Group’s companies as they did not have assessable profits for the six months ended 30 September 2019.

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

At the end of the reporting period, the Group has unused tax losses of approximately HK\$200,913,000 (31 March 2020: approximately HK\$203,275,000) available for offset against future profits that may be carried forward indefinitely.

11. EARNINGS PER SHARE

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

	For the six months ended 30 September	
	2020	2019
Profit attributable to the equity holders of the Company (HK\$'000)	6,590	452
Weighted average number of ordinary shares in issue (thousands)	775,406	775,406
Basic earnings per share (HK cents)	0.85	0.06
Diluted earnings per share (HK cents)	0.85	0.06

There were no potential dilutive ordinary shares outstanding during the periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

12. INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2020 (2019: Nil).

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

During the six months ended 30 September 2020, the Group did not acquired plant and equipment (six months ended 30 September 2019: approximately HK\$1,283,000).

During the six months ended 30 September 2020, the Group did not entered into any new lease agreements.

During the six months ended 30 September 2020, impairment losses of approximately HK\$258,000 and HK\$1,016,000 (2019: Nil) have been recognised in profit or loss for the period in respect of leasehold improvement and right-of-use assets of a retail store respectively as their carrying amounts exceeds its recoverable amounts estimated by the directors of the Company.

The valuation of a land and building held for own use carried at fair value was updated at 30 September 2020 by the directors of the Company using the same valuation techniques as were used by the Group's independent valuer when carrying out the March 2020 valuations.

As a result of the update, a net loss of HK\$498,000 (six months ended 30 September 2019: Nil) has been recognised in other comprehensive income for the period in respect of land and buildings held for own use.

14. INVESTMENT PROPERTIES

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
At the beginning of the period/year	121,785	156,212
Transferred to land and building	—	(39,100)
Changes in fair value included in profit or loss for the period/year	(312)	4,673
At the end of the period/year	121,473	121,785

The valuation of investment properties carried at fair value were updated at 30 September 2020 by the directors of the Company using the same valuation techniques as were used by the Group's independent valuer when carrying out the March 2020 valuations.

As a result of the update, a net loss of approximately HK\$312,000 (six months ended 30 September 2019: approximately HK\$3,975,000) has been recognised in profit or loss for the period in respect of investment properties.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

15. TRADE AND OTHR RECEIVABLES

	30 September 2020 <i>(Unaudited)</i> HK\$'000	31 March 2020 <i>(Audited)</i> HK\$'000
Trade receivables	93,633	87,829
Less: Loss allowance	(585)	(613)
	<hr/>	<hr/>
Trade receivables, net	93,048	87,216
	<hr/>	<hr/>
Trade deposits and other receivables, net	13,513	24,860
Prepayments	112	216
Rental, utility and sundry deposits	445	115
	<hr/>	<hr/>
	14,070	25,191
	<hr/>	<hr/>
Total trade and other receivables	107,118	112,407
	<hr/>	<hr/>

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

	30 September 2020 <i>(Unaudited)</i> HK\$'000	31 March 2020 <i>(Audited)</i> HK\$'000
Within 1 month	15,975	32,693
1 to 3 months	38,121	25,070
3 to 6 months	35,169	29,453
Over 6 months	3,783	—
	<hr/>	<hr/>
	93,048	87,216
	<hr/>	<hr/>

The trade receivables were denominated in United States Dollars (“US\$”), HK\$ and Renminbi (“RMB”) (31 March 2020: US\$, HK\$ and RMB).

The majority of the Group’s sales to overseas customers are generally on open account of 120 days (31 March 2020: 120 days) from the date of bill of lading. The credit period granted to local customers ranging from 45 to 90 days (31 March 2020: 90 days). The credit period granted to marketing service customers is ranging from 0 day (31 March 2020: 0 to 5 days) from the date of completion and due on date of invoice.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

16. TRADE AND OTHER PAYABLES

	30 September 2020 <i>(Unaudited)</i> HK\$'000	31 March 2020 <i>(Audited)</i> HK\$'000
Trade payables	49,301	26,598
Bills payables	3,659	10,404
	<hr/>	<hr/>
Trade and bills payables	52,960	37,002
	<hr/>	<hr/>
Rental deposits received	129	261
Accrued expenses	1,697	3,768
Other payables	1,380	4,710
	<hr/>	<hr/>
	3,206	8,739
	<hr/>	<hr/>
Total trade and other payables	56,166	45,741

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

	30 September 2020 <i>(Unaudited)</i> HK\$'000	31 March 2020 <i>(Audited)</i> HK\$'000
Within 1 month	18,063	28,766
1 to 3 months	18,060	8,236
3 to 6 months	14,203	—
Over 6 months	2,634	—
	<hr/>	<hr/>
	52,960	37,002

The trade and bills payables were denominated in HK\$, US\$, and RMB (31 March 2020: HK\$, US\$, and RMB).

For purchases from overseas suppliers, trade payables are normally settled on terms of 30 to 60 days (31 March 2020: 30 to 60 days) from the date of bill of lading. For purchases from local suppliers, the credit period was 30 days (31 March 2020: 30 days). For marketing service providers, the credit period was 0 day (31 March 2020: 0 days) from the date of completion or date of invoice.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

17. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 31 March 2020, 1 April 2020 and 30 September 2020	3,000,000,000	300,000
Issued and fully paid:		
At 31 March 2020, 1 April 2020 and 30 September 2020	775,406,000	77,540

18. BANK BORROWINGS

(a) At 30 September 2020, the Group's bank borrowings are repayable as follows:

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Bank borrowings – secured (with a repayment on demand clause)(*)	50,594	—
Secured bank borrowings repayable within one year or on demand	50,594	—
Amount repayable within one year included under current liabilities	(50,594)	—
Amount repayable after one year	—	—

(*) The term loans from bank with a repayment on demand clause are carried at amortised cost. None of such loans due for repayment after one year is expected to be settled within one year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

18. BANK BORROWINGS (CONTINUED)

- (b) The carrying amounts of the bank borrowings are denominated in the following currencies:

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Hong Kong dollars	50,594	—

- (c) The effective interest rates for the Group's bank borrowings at the end of the reporting period were as follows:

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Hong Kong dollars	2.4% - 2.7%	—

19. AMOUNTS DUE TO A SHAREHOLDER

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Loans from a shareholder	119,204	147,673
Amount repayable on demand/repayable within one year included under current liabilities	(119,204)	(147,673)
Amount repayable after one year	—	—

As at 30 September 2020 and 31 March 2020, the amounts due to a shareholder are unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

20. AMOUNTS DUE TO A RELATED COMPANY

	30 September 2020 <i>(Unaudited)</i> HK\$'000	31 March 2020 <i>(Audited)</i> HK\$'000
Loans from a related company	55,657	72,800
Amount repayable on demand/ repayable within one year included under current liabilities	<u>(55,657)</u>	<u>(72,800)</u>
Amount repayable after one year	<u>—</u>	<u>—</u>

As at 30 September 2020 and 31 March 2020, the amounts due to a related company were unsecured and repayable on demand. On 6 November 2018, the amounts due to a former immediate holding company, State Energy HK, the terms of which are disclosed as in note 6, was required to be paid to a related company of the Group by a court order. As a result, approximately HK\$125,087,000 of amounts due to State Energy HK was transferred to amounts due to a related company.

21. BANKING FACILITIES

As at 30 September 2020, the Group's banking facilities amounting to approximately HK\$65,000,000 (31 March 2020: approximately HK\$60,000,000) were secured by the following:

- (a) first legal charge over the Group's investment properties in Hong Kong and the PRC with an aggregate carrying value of approximately HK\$112,100,000 (31 March 2020: the Group's investment properties and a land and building in Hong Kong with an aggregate carrying value of approximately HK\$115,500,000);
- (b) corporate guarantees from the Company and certain of its subsidiaries; and
- (c) personal guarantee from the ultimate controlling party Mr. Zhang Jinbing, who is also the Executive Director of the Company.

The Company has executed guarantees with respect to certain banking facilities of its subsidiaries. Such facilities utilised at 30 September 2020 amounted to approximately HK\$3,659,000 (31 March 2020: approximately HK\$10,404,000).

22. CAPITAL COMMITMENTS

At 30 September 2020, the Group has no material capital commitments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

23. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Salaries and other short-term employee benefits	974	452

(b) Financing arrangements

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Amounts due to a shareholder	119,204	147,673
Amounts due to a related company	55,657	72,800

(c) Related party transactions

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Royal Diva Limited ("Royal Diva"), a related company in which the key management of the Group is a director		
– Management fee income	247	–
– Royalty fee	197	–
Guangzhou Wyan Culture & Media Co. Ltd. ("Wyan Culture & Media"), a related company in which the executive director of the Company is a director		
– Marketing service cost	2,972	–
Whoa Asia Limited ("Whoa Asia"), a related company in which the key management of the Group was a shareholder until 19 September 2019		
– Purchases of garments	–	34,694

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Related party balances

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Other receivables from Royal Diva	51	—
Other receivables from Wyan Culture & Media	2,543	—
Other receivables from Guangzhou Wyan New Media & Technology Co. Ltd., a related company in which the executive director of the Company is a director	1,963	—

24. EVENTS AFTER THE REPORTING PERIOD

(a) Outbreak of coronavirus disease 2019

After the outbreak of coronavirus (“**COVID-19**”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Group is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluate its impact on the financial position, cash flows and operating results of the Group. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impacts on the Group’s financial position, cash flows and operating results at the date on which these financial statements are authorised for issue.

(b) Termination of the disposal of a subsidiary

On 5 August 2020, a subsidiary of the Company, Takson (BVI) Limited (“**Takson (BVI)**”), entered into an agreement with a third party (the “**Purchaser**”) to dispose 100% equity interest of its wholly-owned subsidiary, Takson Sportswear Limited at the consideration of HK\$38,960,000 (the “**Disposal**”).

On 21 October 2020, Takson (BVI) and the Purchaser agree in writing to terminate the Disposal. More details are referred to the announcement published on 21 October 2020.