



Shunten International (Holdings) Limited 順騰國際(控股)有限公司

incorporated in the Cayman Islands with limited liability
於開曼群島註冊成立之有限公司
Stock Code 股份代號: 932

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2022/2023 INTERIM REPORT



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REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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**TO THE BOARD OF DIRECTORS OF
SHUNTEN INTERNATIONAL (HOLDINGS) LIMITED**
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shuntan International (Holdings) Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 4 to 29, which comprise the condensed consolidated statement of financial position as of 30 September 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)



SCOPE OF REVIEW

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

CONCLUSION

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

OTHER MATTER

The comparative condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 30 September 2021 and the relevant explanatory notes included in these condensed consolidated financial statements were extracted from the interim financial information of the Group for six-month period ended 30 September 2021 reviewed by another auditor who expressed an unmodified conclusion on the interim financial information on 30 November 2021. The comparative condensed consolidated statement of financial position as at 31 March 2022 was extracted from the consolidated financial statements of the Group for the year ended 31 March 2022 audited by the same auditor who expressed an unmodified opinion on those statements on 30 June 2022.

Moore Stephens CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors
Hong Kong
29 November 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Notes	For the six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited and re-presented)
CONTINUING OPERATIONS			
REVENUE	3	112,294	91,047
Cost of sales		(26,183)	(29,741)
GROSS PROFIT		86,111	61,306
Other income, gains or losses		3,462	5,325
Selling and distribution expenses		(18,917)	(16,505)
Administrative expenses		(39,367)	(40,618)
Share of profit of associates		6	18
Loss on disposal of a subsidiary		(237)	—
Fair value change of equity instruments at fair value through profit or loss (“FVTPL”)		(3,473)	—
Loss on disposal of associates	12	(1,042)	—
Impairment loss on intangible assets	11	—	(4,231)
Fair value change of the Company’s shares issued in relation to acquisition of an associate	12	—	(55,402)
Reversal of impairment loss on promissory note receivable	13B	—	4,000
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		26,543	(46,107)
Finance costs	5(c)	(3,105)	(8,778)
PROFIT/(LOSS) BEFORE TAXATION	5	23,438	(54,885)
Taxation	6	(4,506)	(1,121)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		18,932	(56,006)
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations	7	(423)	(2,078)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 September 2022

	For the six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited and re-presented)
PROFIT/(LOSS) FOR THE PERIOD	18,509	(58,084)
OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	(285)	(155)
TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE PERIOD	18,224	(58,239)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		
— from continuing operations	18,995	(56,072)
— from discontinued operations	(260)	(1,796)
	18,735	(57,868)
(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO NON- CONTROLLING INTERESTS		
— from continuing operations	(63)	66
— from discontinued operations	(163)	(282)
	(226)	(216)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 September 2022

	Notes	For the six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited and re-presented)
TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE PERIOD			
ATTRIBUTABLE TO:			
Owners of the Company		18,357	(58,086)
Non-controlling interests		(133)	(153)
		18,224	(58,239)
EARNINGS/(LOSS) PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS			
— Basic (HK cents)	9	0.60	(2.18)
— Diluted (HK cents)	9	0.60	(2.18)
EARNINGS/(LOSS) PER SHARE FROM CONTINUING OPERATIONS			
— Basic (HK cents)	9	0.61	(2.11)
— Diluted (HK cents)	9	0.61	(2.11)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022



	Notes	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		68,705	70,450
Right-of-use assets	10	1,244	2,403
Intangible assets	11	2,200	2,210
Interests in associates	12	—	67,036
Prepayments and deposits		27,167	26,691
		99,316	168,790
CURRENT ASSETS			
Inventories		19,030	19,835
Trade and other receivables, prepayments and deposits	13A	40,278	20,720
Tax recoverable		246	2,152
Equity instruments at FVTPL		8,874	—
Cash and cash equivalents		61,680	35,276
		130,108	77,983
CURRENT LIABILITIES			
Trade payables, other payables and accruals	14	15,962	19,819
Contract liabilities		35	255
Bank and other borrowings	15	88,008	99,993
Bank overdrafts		—	18,964
Lease liabilities		1,356	2,371
Refund liabilities		1,230	1,395
Tax payable		1,716	1,018
		108,307	143,815
NET CURRENT ASSETS/(LIABILITIES)		21,801	(65,832)
TOTAL ASSETS LESS CURRENT LIABILITIES		121,117	102,958

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2022

	Note	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
NON-CURRENT LIABILITIES			
Lease liabilities		—	208
Amounts due to non-controlling interests		—	60
Deferred tax liabilities		26	35
		26	303
NET ASSETS			
		121,091	102,655
EQUITY			
Share capital	16	7,770	7,770
Reserves		115,836	97,389
Equity attributable to owners of the Company		123,606	105,159
Non-controlling interests		(2,515)	(2,504)
TOTAL EQUITY			
		121,091	102,655

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022



	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total Equity HK\$'000
At 1 April 2022 (audited)	7,770	424,497	(10)	462	772	—	4,340	(332,672)	105,159	(2,504)	102,655
Profit/(loss) for the period	—	—	—	—	—	—	—	18,735	18,735	(226)	18,509
Other comprehensive (expense)/income for the period											
Exchange differences on translation of financial statements of foreign operations	—	—	—	—	(378)	—	—	—	(378)	93	(285)
Total comprehensive (expense)/income for the period	—	—	—	—	(378)	—	—	18,735	18,357	(133)	18,224
Disposal of subsidiaries	—	—	—	—	90	—	—	—	90	122	212
At 30 September 2022 (unaudited)	7,770	424,497	(10)	462	484	—	4,340	(313,937)	123,606	(2,515)	121,091
At 1 April 2021 (audited)	6,413	296,603	(10)	462	290	2,653	19,040	(304,397)	21,054	(2,017)	19,037
Loss for the period	—	—	—	—	—	—	—	(57,868)	(57,868)	(216)	(58,084)
Other comprehensive (expense)/income for the period											
Exchange differences on translation of financial statements of foreign operations	—	—	—	—	(218)	—	—	—	(218)	63	(155)
Total comprehensive expense for the period	—	—	—	—	(218)	—	—	(57,868)	(58,086)	(153)	(58,239)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	100	—	100	—	100
Share options lapsed	—	—	—	—	—	—	(10,175)	10,175	—	—	—
Redemption of convertible bonds	—	—	—	—	—	(2,393)	—	1,931	(462)	—	(462)
Shares issued upon acquisition of an associate	1,282	120,807	—	—	—	—	—	—	122,089	—	122,089
At 30 September 2021 (unaudited)	7,695	417,410	(10)	462	72	260	8,965	(350,159)	84,695	(2,170)	82,525

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Note	For the six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Operating activities			
Operating cash flows before movements in working capital		33,736	15,224
Decrease in inventories		598	3,682
(Increase)/decrease in trade and other receivables, prepayments and deposits		(21,051)	5,536
Decrease in contract liabilities		(125)	(32)
(Decrease)/increase in refund liabilities		(165)	402
Decrease in trade payables, other payables and accruals		(2,338)	(12,980)
Cash generated from operations		10,655	11,832
Hong Kong Profits Tax paid		(1,878)	(1,992)
Net cash from operating activities		8,777	9,840
Investing activities			
Purchase of equity instruments at FVTPL		(12,500)	—
Purchase of property, plant and equipment		(257)	(5)
Direct costs attributable to the purchase of right-of-use assets		—	(2)
Net cash outflow on disposal of subsidiaries		(212)	—
Proceeds from disposal of property, plant and equipment		—	51
Proceeds from disposal of associates	12	66,000	—
Proceeds from disposal of equity instruments at FVTPL		153	—
Proceeds from settlement of promissory note receivable		—	4,892
Bank interest received		8	6
Net cash from investing activities		53,192	4,942

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 September 2022



	For the six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Financing activities		
New bank borrowings raised	—	5,760
Proceeds from other borrowings	—	100,000
Repayment of bank borrowings	(4,985)	(62,514)
Repayment of other borrowings	(7,000)	(9,000)
Repayment of early redemption of convertible bonds	—	(46,000)
Repayment of lease liabilities	(1,275)	(1,253)
Interest paid	(3,053)	(6,963)
Net cash used in financing activities	(16,313)	(19,970)
Net increase/(decrease) in cash and cash equivalents	45,656	(5,188)
Cash and cash equivalents at beginning of the period	16,312	36,652
Effect of foreign exchange rate changes	(288)	(157)
Cash and cash equivalents at end of the period	61,680	31,307

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1. BASIS OF PREPARATION

The condensed consolidated financial statements of Shunten International (Holdings) Limited (the “**Company**”) and its subsidiaries (collectively referred to as, the “**Group**”) for the six months ended 30 September 2022 have 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 the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than the additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2022.

2.1 Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual periods beginning on or after 1 April 2022 for the preparation of the Group’s condensed consolidated 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

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022



3. REVENUE

Upon disposal of e-commerce promotion business through disposal of Advance Rider Limited (“**Advance Rider**”), the comparative figures have been re-presented to conform to the current period’s presentation. No disaggregation of revenue from contracts with customers is presented as all revenue represents the net amount received and receivable for goods sold arising from the sales of health and beauty supplements and products in Hong Kong. All the revenue has been recognised at a point in time.

4. SEGMENT REPORTING

During the six months ended 30 September 2022, the Group completed the disposal of the operation for e-commerce promotion business through disposal of Advance Rider. As a result, the operation for e-commerce promotion business through Advance Rider was discontinued with effective from 30 August 2022, this is described in more details in Note 7. The comparative figures in this note have been re-presented to conform to the current period’s presentation.

Upon disposal of Advance Rider, all revenue represents the net amount received and receivable for goods sold arising from the sales of health and beauty supplements and products in Hong Kong. The Chief Operating Decision Maker (“**CODM**”), for the purposes of resource allocation and performance assessment focuses mainly on revenue analysis by business line. As no other discrete financial information other than the consolidated revenue and consolidated profit of the Group are provided to CODM, no segment information is presented other than entity-wide disclosures.

Details of the discontinued operations are further set out in Note 7.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation has been arrived at after charging the following items:

	For the six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited and re-presented)
CONTINUING OPERATIONS		
(a) Staff costs:		
Salaries, allowances, and other benefits (including directors' emoluments)	32,717	28,716
Contributions to defined contribution retirement plans	1,034	1,059
Equity-settled share-based payments	—	100
	33,751	29,875
(b) Other items:		
Auditors' remuneration	900	1,200
Cost of inventories	19,966	23,125
Depreciation of		
— property, plant and equipment	1,920	2,183
— right-of-use assets	1,157	1,163
Amortisation of intangible assets	10	972
Exchange loss, net	92	48
Loss on disposal of property, plant and equipment, net	—	38
Rent for special designated counters	7,686	8,089
(c) Finance costs:		
Interest on bank borrowings	1,953	365
Interest on other borrowings	1,100	6,461
Interest on liability component of convertible bonds measured at amortised cost	—	1,833
Total interest expenses from financial liabilities	3,053	8,659
Interest on lease liabilities	52	119
	3,105	8,778

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the six months ended 30 September 2022



6. TAXATION

	For the six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited and re-presented)
CONTINUING OPERATIONS		
Current taxation		
Hong Kong Profits Tax	4,512	2,102
Deferred tax	(6)	(981)
	4,506	1,121

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying group entity will be taxed at 8.25%, and the assessable profits above HK\$2,000,000 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, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessment profits above HK\$2,000,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

7. DISCONTINUED OPERATIONS

Disposal of Advance Rider and its subsidiaries (collectively, “Advance Rider Group”)

On 30 August 2022, the Group resolved to dispose of the entire equity interest of Advance Rider Group to an independent third party for a total cash consideration of HK\$5,000. The transaction was completed on 30 August 2022.

The net liabilities of Advance Rider Group at the date of disposal and the effect of disposal were as follows:

	HK\$'000 (unaudited)
Consideration:	
Cash consideration receivable	5
<hr/>	
	As at 30 August 2022 HK\$'000 (unaudited)
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	51
Trade and other receivables, prepayments and deposits	715
Inventories	362
Cash and cash equivalents	213
Trade payables, other payables and accruals	(1,551)
Contract liabilities	(95)
Tax payable	(31)
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Net liabilities disposed of	(336)
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Gain on disposal of subsidiaries:	
Consideration	5
Non-controlling interests	(122)
Net liabilities disposed of	336
Reclassification of cumulative exchange reserve to profit or loss upon disposal	178
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Gain on disposal	397
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the six months ended 30 September 2022



7. DISCONTINUED OPERATIONS (CONTINUED)

Disposal of Advance Rider and its subsidiaries (collectively, “**Advance Rider Group**”) (Continued)

The loss for the period from the discontinued e-commerce promotion business is set out below:

	Period ended 30 August 2022 HK\$'000 (unaudited)
Loss for the period	(820)
Gain on disposal of Advance Rider Group	397
	<hr/> (423) <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

7. DISCONTINUED OPERATIONS (CONTINUED)

Disposal of Advance Rider and its subsidiaries (collectively, “Advance Rider Group”) (Continued)

The results of Advance Rider Group for the period from 1 April 2022 to 30 August 2022, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	Period ended 30 August 2022 HK\$'000 (unaudited)
Revenue	138
Cost of sales	(132)
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Gross profit	6
Other income, gains or losses	58
Administrative expenses	(884)
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Loss before taxation	(820)
Taxation	—
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Loss for the period	(820)
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Loss for the period from discontinued operations includes the following:	
Staff costs (including directors' emoluments):	
— Salaries, allowances and other benefits	315
— Retirement benefits	11
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	326
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022



8. DIVIDENDS

The directors of the Company does not recommend the payment of an interim dividend for both interim periods.

9. EARNINGS/(LOSS) PER SHARE

From Continuing Operations

The calculation of basic earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	For the six months ended 30 September	
	2022 (unaudited)	2021 (unaudited and re-presented)
Profit/(loss) (HK\$'000)		
Profit/(loss) for the period attributable to owners of the Company for the purpose of basic earnings/(loss) per share	18,735	(57,868)
Less: Loss for the period from discontinued operations	260	1,796
Profit/(loss) for the purpose of basic earnings/(loss) per share from continuing operations	18,995	(56,072)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	3,107,893,440	2,651,809,831

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

9. EARNINGS/(LOSS) PER SHARE (CONTINUED)

From Continuing and Discontinued Operations

The calculation of the basic earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	For the six months ended 30 September	
	2022 (unaudited)	2021 (unaudited)
Profit/(loss) (HK\$'000)		
Profit/(loss) for the period attributable to owners of the Company for the purpose of basic earnings/(loss) per share	18,735	(57,868)

The denominators used are the same as those detailed above for the basic earnings/(loss) per share from continuing operations.

From Discontinued Operations

For the six months ended 30 September 2022, basic loss per share for the discontinued operations is HK0.01 cents per share (for the six months ended 30 September 2021: basic loss per share for the discontinued operation is 0.07 cents per share), based on the loss for the period from the discontinued operations of approximately HK\$260,000 (for the six months ended 30 September 2021: loss for the period of approximately HK\$1,796,000) and the denominators used is the same as those detailed above for basic earnings/(loss) per share from continuing operations.

For the six months ended 30 September 2022, the computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price per share. All the Company's convertible bonds have been redeemed during the year ended 31 March 2022.

For the six months ended 30 September 2021, the computation of diluted loss per share does not assume (1) the conversion of the Company's convertible bonds since their exercise and conversion would result in a decrease in loss per share from continuing operations; and (2) the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022



10. MOVEMENTS IN RIGHT-OF-USE ASSETS

During the period ended 30 September 2021, the Group entered into several new lease agreements with lease terms of 1 to 2 years. The Group is required to make fixed monthly payments during the contract period. On lease commencement, the Group recognised right-of-use assets of approximately HK\$1,813,000 and lease liabilities of approximately HK\$1,811,000. No new lease agreement was entered by the Group during the current interim period.

11. INTANGIBLE ASSETS

For the purposes of impairment testing for the six months period ended 30 September 2021, intangible assets are related to two individual cash-generating units (“CGUs”), each comprising a group of subsidiaries, namely H365 Health Products Limited (“**H365 Group**”) included in the health and beauty supplements and products business segment and Soul Marketing Group Limited (“**Soul Marketing**”) included in e-commerce promotion business segment, which has been classified as discontinued operations as disclosed in note 7.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

H365 Group

The recoverable amount of this CGU has been determined based on a value in use calculation. That calculation uses cash flow projection based on financial budgets approved by management covering a five-year period, and a pre-tax discount rate of 15.9%. The cash flows of this CGU beyond the five-year period is extrapolated using a 1.4% growth rate. This growth rate is based on the relevant industry growth forecasts. Other key assumptions for the value in use calculation related to the estimation of cash inflows/outflows include budgeted sales, gross margin and related cash inflow and outflow patterns. The estimation is based on the CGU’s past performance and management’s expectations for the market development.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

11. INTANGIBLE ASSETS (CONTINUED)

H365 Group (Continued)

During the period ended 30 September 2021, there is decline in financial performance of H365 Group than expected, and the determination of scale down of the sales of the products of H365 Group to the sole distributor. Hence, the directors of the Company have performed impairment assessment on the brand name and sales distribution channel and considered to recognise impairment loss amounted to HK\$2,179,000 and HK\$2,052,000, respectively as the recoverable amount was lower than its carrying amount.

Soul Marketing

The recoverable amount of this CGU has been determined based on a value in use calculation. That calculation uses cash flow projection based on financial budgets approved by management covering a five-year period, and a pre-tax discount rate of 17.9%. The cash flows of this CGU beyond the five-year period is extrapolated using a growth rate of 1.4%. Other key assumptions for the value in use calculation related to the estimation of cash inflows/outflows include budgeted sales, gross margin and related cash inflow and outflow patterns. The estimation is based on management's expectations for the market development.

During the year ended 30 September 2021, there is decline in financial performance of Soul Marketing than expected. Due to the change in key management during the last interim period, the business development of Soul Marketing has been slowed down. Hence, the directors of the Company have performed impairment assessment on the customer relationship and considered to recognise impairment loss amounted to HK\$676,000.

12. INTERESTS IN ASSOCIATES

On 12 August 2021, Super Winner Enterprises Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") with an independent third party pursuant to which the Group acquired 43.05% equity interest in Aggressive Resources Limited ("Aggressive Resources"), a company incorporated in the BVI with limited liability, at a consideration of approximately HK\$66,687,000 settled by issuing 512,982,240 shares of the Company at HK\$0.13 per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022



12. INTERESTS IN ASSOCIATES (CONTINUED)

Pursuant to the Agreement, the consideration was settled by issuing 512,982,240 shares of the Company at HK\$0.13 per share upon completion on 31 August 2021. The share price of the Company on 31 August 2021 was HK\$0.238. Hence, there was a loss incurred by the Group to acquire Aggressive Resources upon completion of the Agreement. The Group has recognised loss on acquisition of the associate of approximately HK\$55,402,000 as at the acquisition date measured at the excess of share price as at completion date (i.e. fair value of the consideration transferred) over the fair value of the interest in associate acquired.

During the current interim period, the Group disposed of the interest in Aggressive Resources to an independent third party for a total cash consideration of HK\$66,000,000. A loss on disposal of approximately HK\$1,042,000 has been recognised during the period. The cash consideration has been settled.

13A. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

As at 30 September 2022, included in trade and other receivables, prepayments and deposits are trade receivables of approximately HK\$21,765,000 (as at 31 March 2022: HK\$7,179,000).

As of the end of the reporting period, the ageing analysis of trade receivables based on the date of revenue recognition and net of allowance for credit losses were as follows:

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
0-30 days	21,172	3,182
31-60 days	186	3,675
61-90 days	11	—
91-180 days	1	56
181-365 days	—	28
Over 365 days	395	238
	21,765	7,179

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

13B. PROMISSORY NOTE RECEIVABLE

As at 31 March 2021, the promissory note receivable represented the Group's consideration receivables in relation to the disposal of the entire equity interest in Empire Access Limited (“**Empire Access**”) during the year ended 31 March 2020 and the disposal of IAHGames Hong Kong Limited during the year ended 31 March 2021. As at 31 March 2021, the directors of the Company considered that the promissory note receivable in relation to the disposal of Empire Access had been defaulted and there was no realistic prospect of recovery, hence, full impairment of HK\$41,408,000 was recognised during the year ended 31 March 2021. The Company subsequently agreed with the acquirer to further extend the repayment by instalments and the acquirer has settled HK\$4,000,000 in accordance with the revised repayment plan during the six months ended 30 September 2021, hence, a reversal of impairment loss of HK\$4,000,000 is recognised during the six months ended 30 September 2021.

14. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

As at 30 September 2022, included in trade payables, other payables and accruals are trade payables of approximately HK\$4,520,000 (as at 31 March 2022: HK\$5,614,000).

As of the end of the reporting period, the ageing analysis of trade payables based on invoice dates were as follows:

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
0–30 days	874	1,591
31–60 days	716	1,347
61–90 days	1,584	1,007
91–180 days	795	1,326
181–365 days	329	5
Over 365 days	222	338
	4,520	5,614

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the six months ended 30 September 2022



15. BANK AND OTHER BORROWINGS

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Bank borrowings, secured:	67,008	71,993
Other borrowings:		
Unsecured notes	21,000	28,000
Total bank and other borrowings	88,008	99,993

During the current interim period, the Group repaid bank and other borrowings amounting to approximately HK\$11,985,000 (for the six months ended 30 September 2021: approximately HK\$71,514,000), obtained new bank loans which carried interest at variable rate amounting to nil (for the six months ended 30 September 2021: HK\$5,760,000) and obtained new other borrowings amounting to nil (for the six months ended 30 September 2021: HK\$100,000,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

16. SHARE CAPITAL

	As at 30 September 2022			As at 31 March 2022		
	Nominal value per share HK\$	Number of shares	Share capital HK\$'000	Nominal value per share HK\$	Number of shares	Share capital HK\$'000
Authorised:						
At beginning and end of the period	0.0025	4,000,000,000	10,000	0.0025	4,000,000,000	10,000
Issued and fully paid:						
At beginning of the period (audited)	0.0025	3,107,893,440	7,770	0.0025	2,564,911,200	6,413
Share issued upon exercise of share options under the share option scheme (note (a))	—	—	—	0.0025	30,000,000	75
Shares issued upon acquisition of an associate (note (b))	—	—	—	0.0025	512,982,240	1,282
At end of the period (unaudited)	0.0025	3,107,893,440	7,770	0.0025	3,107,893,440	7,770

Notes:

- (a) During the year ended 31 March 2022, share options were exercised to subscribe for 30,000,000 ordinary shares of the Company at a consideration of HK\$6,000,000, of which HK\$75,000 was credited to share capital. HK\$1,162,000 has been transferred from the share option reserve to the share premium and the balance of HK\$7,087,000 was credited to the share premium.
- (b) On 31 August 2021, 512,982,240 shares of HK\$0.0025 each in the capital of the Company were issued and allotted to the vendor for the acquisition of Aggressive Resources as set out in note 12.

All shares issued during the year ended 31 March 2022 rank pari passu in all respects with the then existing shares of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022



17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value on a recurring basis

Certain of the Group's financial assets are measured at fair value at the end of each reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable. These financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of fair value hierarchy into which fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair measurement is observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30.9.2022 HK\$'000	31.3.2022 HK\$'000		
Listed equity securities classified as equity instruments at FVTPL	8,874	—	Level 1	Quoted bid prices in active markets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial assets and liabilities carried at amortised cost other than fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

18. COMMITMENTS

As at the end of the current interim period, the Group was committed to acquire certain property, plant and equipment with a total amount of approximately HK\$1,582,000 (as at 31 March 2022: nil).

19. RELATED PARTY TRANSACTIONS

In addition to the transactions disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related parties during the six months ended 30 September 2022 and 2021:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and senior management, is as follows:

	For the six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Short-term employee benefits	6,581	4,812
Post-employment benefits	77	59
	6,658	4,871

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2022

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transaction with related parties

Name of related parties	Relationship	Nature of balances/ transactions	As at/for the six months ended 30 September 2022 HK\$'000 (unaudited)	As at/for the six months ended 30 September 2021 HK\$'000 (unaudited)
Sunex Limited	An entity wholly owned by Mr. Chan Yan Tak, substantial shareholder of the Company	Interest expenses on lease liabilities	4	7
		Lease liabilities	120	347
EC Star Trading Limited	An entity wholly owned by Mr. Chan Yan Tak, substantial shareholder of the Company	Interest expenses on lease liabilities	2	4
		Lease liabilities	68	196
Galaxy Centre Limited	An entity wholly owned by Mr. Chan Yan Tak, substantial shareholder of the Company	Interest expenses on lease liabilities	4	7
		Lease liabilities	100	289
Excel Galaxy Limited	An entity wholly owned by Mr. Chan Yan Tak, substantial shareholder of the Company	Interest expenses on lease liabilities	3	7
		Lease liabilities	97	279
Supremium Bio-Technology Limited	A subsidiary of Aggressive Resources, a disposed associate of the Group as stated in note 12	Sales to Supremium	65	—
		Consultancy fee paid to Supremium	25	—

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

During the six months ended 30 September 2022 (the “**Reporting Period**”), the e-commerce promotion business was discontinued upon the disposal of certain subsidiaries of the Group. The Group is now principally engaged in formulating, marketing, sales and distribution of health and beauty supplements and products in Hong Kong Special Administrative Region (“**Hong Kong**”).

Although the Group’s business has been severely hit by the fifth wave of the COVID-19 pandemic in Hong Kong during the fourth quarter of 2021/22, the Group’s performance has recovered and improved significantly for the Reporting Period. The Group recorded a profit attributable to owners of the Company during the Reporting Period of approximately HK\$18.7 million as compared to a loss attributable to owners of the Company of approximately HK\$57.8 million for the corresponding period of last year.

During the Reporting Period, the Group recorded the unaudited revenue from continuing operations of approximately HK\$112.3 million (period of six months ended 30 September 2021: HK\$91.0 million), representing an increase of approximately HK\$21.3 million or 23.4% when compared to the corresponding period of last year.

The gross profit margin of the Group for the Reporting Period was approximately 76.7% (period of six months ended 30 September 2021: 67.3%), representing an increase of approximately 9.4% over the corresponding period of last year.

Intangible assets

As at 30 September 2022, the intangible assets of the Group amounted to approximately HK\$2.2 million (as at 31 March 2022: HK\$2.2 million). Intangible assets mainly include club membership.



BUSINESS AND FINANCIAL REVIEW (CONTINUED)

Financial position and liquidity

As at 30 September 2022, cash and bank balances of the Group amounted to approximately HK\$61.7 million (as at 31 March 2022: HK\$35.3 million). The current ratio (current assets divided by current liabilities) of the Group was approximately 1.2 times as at 30 September 2022 (as at 31 March 2022: 0.5 times). The Group's gearing ratio, representing total borrowings divided by total equity, was approximately 72.7% as at 30 September 2022 (as at 31 March 2022: approximately 115.9%). The Group is exposed to foreign currency risk primarily through purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars and Renminbi. The Group currently does not have currency hedging policy. However, the management monitors the currency fluctuation exposure and will consider hedging significant currency risk exposure should the need arise.

Capital management

The Group's objective in capital management is to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, issue of new share as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate. The Group also monitors capital on the basis of the net gearing ratio. The Group's overall strategy remains unchanged throughout the Reporting Period.

Employee information

As at 30 September 2022, the Group had 149 employees (as at 31 March 2022: 152). For the Reporting Period, staff costs including remuneration of the directors of the Company (the "Director(s)") from continuing operations were approximately HK\$33.8 million (period of six months ended 30 September 2021: HK\$29.9 million).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS AND FINANCIAL REVIEW (CONTINUED)

Material acquisitions or disposals

Save as disclosed on notes 7 and 12 to the unaudited condensed consolidated financial statements in this interim report, there were no material acquisitions or disposals of subsidiaries, associated companies and joint ventures during the Reporting Period.

Charges on assets

As at 30 September 2022, the Group had secured bank loans and other borrowings of approximately HK\$64.2 million (as at 31 March 2022: HK\$86.7 million). The banking facilities were secured by the Group's leasehold land and buildings, having carrying amount of approximately HK\$67.5 million as at 30 September 2022 (as at 31 March 2022: leasehold land and buildings having carrying amount of approximately HK\$68.9 million).

Contingent liabilities

The Group did not have material contingent liabilities as at 30 September 2022 (as at 31 March 2022: nil).

Capital commitment

As at 30 September 2022, the Group was committed to acquire certain property, plant and equipment with a total amount of approximately HK\$1.6 million (as at 31 March 2022: nil).

Interim dividend

The board of directors of the Company (the "Board") does not recommend any payment of an interim dividend for the Reporting Period (period of six months ended 30 September 2021: nil).



OUTLOOK

Despite the retail industry continues to pose challenges since the outbreak of COVID-19 2 years ago, in terms of healthcare products, the outlook is becoming more stable and positive. During the Reporting Period, the Group has managed to implement sustainable cost cutting measures including dynamic and innovative marketing strategy to capture consumer sentiments.

In terms of cost control and improving operational efficiency, the cost structure enhancement and procurement strategy are our key missions to focus. So, the Group always stays on cultivating deep relationships with suppliers, making our global sourcing chains being standardized and centralized. Meanwhile, many of the existing product lines with high popularity and good margin will also be re-established in a wider range of product offering. In our management's opinion, in terms of improving operating costs, adjusting the workforce structure is crucial. To this end, the number of new members who have solid operations management experience are appointed by the Company to raise the operational execution capability.

Research and development and product line diversification

Following the strategic collaboration with certain pharmaceutical entities as well as universities research centres, the Group is planning to launch over 20 new stock keeping units of products covering 3 major product lines in 2022. In addition, the Group has developed a series of new products that are popular in the market, covering the areas of reverse aging, weight management and comprehensive health care.

Besides, with our research and development (“R&D”) laboratory located in Hong Kong Science Park commencing operation at the end of 2018, we had conducted R&D projects on both proprietary research and product material quality assurance (“QA”) work. In the past 4 years, our research team has conducted QA tests over 350 batches over 30 stock keeping units of product to uphold the highest standard in the territory. From 2016 onwards, the Hong Kong government and the Hong Kong Science and Technology Park Corporation have recognized and endorsed our research work by offering funding upon our completion of R&D program with sound results.

During the past 8 years, the Group has successfully collaborated with major universities in Hong Kong to create new medical R&D results and commercialized 7 products generated from such results. All the research works were publicized in international academic journals and produced positive commercial responses.

EVENTS AFTER REPORTING PERIOD

There are no material events occurred after the end of the Reporting Period and up to the date of this interim report.

PRINCIPAL RISKS AND UNCERTAINTIES

Based on the Group's risk management system, the Group has examined all of the possible risks and uncertainties that might affect the Group and considered that the most important risks and uncertainties would include:

Regulatory risks

The health supplement industry in Hong Kong generally believes that changes in regulatory policies and laws in respect of the monitoring and control of food and health supplement products which include Chinese medicinal ingredients may be proposed and implemented by the authorities concerned in the coming years. Significant effect may impact on the future development of health supplements as well as the food industry. If the Group fails to keep up and comply with these changes, such factors would affect the Group's success.

The Group has closely monitored the regulatory changes, strengthened its interpretation and analysis capability of regulatory policies and would adjust strategies in advance to cope with the ever-changing operating environment.

Prolonged economic downturn

The Group's health and beauty supplements and products business is closely related to the economic conditions of Hong Kong. Slowing economic growth or a recession may affect consumers' preferences and spending which in turn could have a material adverse effect on the Group's business, operating results and financial conditions. In response to these challenges, the Group will closely monitor the changing economic conditions and also actively implement effective measures to control the administration and production costs. The Group will also continue to roll out more new products and open up more distribution channels, and diversify its business to improve the Group's overall performance.



PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Failure to introduce successful new products

Owing to the rapid changing nature of the health and beauty supplements and products markets in Hong Kong, if the Group fails to anticipate market trends and develop new products to respond to such trends in a timely manner, it will adversely affect its business in the long term. In addition to the Group's own product development and collaboration with external research partners, such as with CUCAMed Company Limited ("CUCAMed") to promote and sell products developed by CUCAMed under the brand "LEGEND", the Group is also actively looking for opportunities to collaborate with different reputable universities to conduct researches for the purpose of developing new products. Besides researches, the Group will also continue to place strong emphasis on a multifaceted market strategy through utilising various media and channels to promote its brands and products.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

Directors' interests and short position in shares, underlying shares and debentures of the Company

As at 30 September 2022, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which (i) are 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 (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in the shares of the Company

Name	Nature of interests	No. of shares held	% of the issued share capital*
Mr. Cheung Siu Fai ¹	Interest of controlled corporation	723,242,000	23.27%
	Beneficial owner	12,952,000	0.42%

* The percentage has been adjusted, if any, based on the total number of shares of the Company in issue as at 30 September 2022 (i.e. 3,107,893,440 shares).

Note:

1. Mr. Cheung Siu Fai is interested in 736,194,000 shares of the Company, of which he is (i) the beneficial owner of 12,952,000 shares of the Company and (ii) deemed to be interested in 723,242,000 shares of the Company through Hammer Capital Private Investments Limited, an entity where Mr. Cheung is a director and therefore has a security interest in the shares of the Company.



DISCLOSURE OF INTERESTS (CONTINUED)

Long positions in the shares of the Company (Continued)

Saved as disclosed above, as at 30 September 2022, none of the Directors or the chief executive of the Company or their associates had registered any interest or short positions in any shares, underlying shares or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

As at 30 September 2022, the number of outstanding share options granted by the Company under the share option scheme conditionally adopted by the Company on 24 September 2013, which took effect on 11 October 2013 for the Directors to subscribe the shares of the Company, as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code is set out under the section headed "SHARE OPTION" in this interim report.

Save as disclosed above, at no time during the period of six months ended 30 September 2022 was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement to enable the Directors, their respective spouses and children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER INFORMATION (CONTINUED)

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES (CONTINUED)

Substantial Shareholder's Interests in the Company

As at 30 September 2022, according to the register of interests kept by the Company under Section 336 of the SFO, the interests of the persons, other than the Directors or the chief executive of the Company, in the shares and/or underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company were as follows:

Long positions in shares of the Company

Names of shareholders	Capacity	Nature of interests	Number of ordinary shares	Approximate percentage of interest in the Company's issued share capital*
Mr. Chan Yan Tak ("Mr. Chan") ¹	Interest of controlled corporation	Ordinary shares	733,568,000	23.60%
Able Island Group Limited ("Able Island") ¹	Beneficial owner	Ordinary shares	723,242,000	23.27%
Hammer Capital Private Investments Limited ("Hammer Capital") ²	Person having a security interest in shares	Ordinary shares	723,242,000	23.27%
Mr. Cheung Siu Fai ²	Interest of controlled corporation	Ordinary shares	723,242,000	23.27%
Mr. Cheung Siu Fai ³	Beneficial owner	Ordinary shares	12,952,000	0.42%
Mr. Tsang Ling Kay Rodney ("Mr. Tsang") ²	Interest of controlled corporation	Ordinary shares	723,242,000	23.27%
Ms. Leung Lisa ⁴	Interest of controlled corporation	Ordinary shares	718,804,033	23.13%
Prosper Rich Investments Limited ("Prosper Rich") ⁴	Beneficial owner	Ordinary shares	718,804,033	23.13%

* The percentage has been adjusted, if any, based on the total number of shares of the Company in issue as at 30 September 2022 (i.e. 3,107,893,440 shares).



DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES (CONTINUED)

Long positions in shares of the Company (Continued)

Notes:

1. Based on the public information of disclosure of interests from the website of the Stock Exchange (<http://www.hkexnews.hk/di/di.htm>), 723,242,000 shares and 10,326,000 shares of the Company were held by Able Island and Nice Day Investment Company Limited respectively, both of which are wholly-owned by Mr. Chan. As such, Mr. Chan is deemed to be interested in the shares held by these companies by virtue of the SFO. With reference to the notice of disclosure of interests of Able Island and Mr. Chan filed with the Stock Exchange on 9 September 2021, the shares of the Company where Mr. Chan deemed to be interested in were pledged as security.
2. Based on the public information of disclosure of interests from the website of the Stock Exchange (<http://www.hkexnews.hk/di/di.htm>), with reference to the notice of the disclosure of interests of Hammer Capital filed with the Stock Exchange on 28 April 2022, 723,242,000 shares of the Company have been secured in favour of Hammer Capital, a company which is wholly-owned by Mr. Tsang, and Mr. Cheung Siu Fai, an executive Director, is also a director of Hammer Capital. As such, Mr. Tsang and Mr. Cheung Siu Fai are deemed to be interested in the shares of the Company secured in favour of Hammer Capital by virtue of the SFO.
3. Mr. Cheung Siu Fai, the chairman of the Board and the executive Director, is a beneficial owner of 12,952,000 shares of the Company.
4. Based on the public information of disclosure of interests from the website of the Stock Exchange (<http://www.hkexnews.hk/di/di.htm>), with reference to the notices of disclosure of interests of Prosper Rich and Ms. Leung Lisa filed with the Stock Exchange on 20 June 2022, 718,804,033 shares of the Company were held by Prosper Rich, a company where Ms. Leung Lisa is a director. As such, Ms. Leung Lisa is deemed to be interested in the shares held by Prosper Rich by virtue of the SFO.

Save as disclosed above, as at 30 September 2022, the Company had not been notified by any persons (other than the Directors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

OTHER INFORMATION (CONTINUED)

CHANGES TO INFORMATION OF DIRECTORS

Changes in Directors' information since the date of approval of the annual report for the year ended 31 March 2022 of the Company and up to the date of this interim report, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

- Mr. Lai Wei Lam, William has resigned as an executive Director with effect from 1 July 2022. For details, please refer to the Company's announcement dated 30 June 2022.
- Mr. Liu Ying Shun and Ms. Dong Jian Mei have been appointed as independent non-executive Directors and members of each of the audit committee (the "**Audit Committee**"), remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**") of the Company since 1 July 2022. The biographical details of Mr. Liu Ying Shun and Ms. Dong Jian Mei as required under Rule 13.51(2) of the Listing Rules were set out in the Company's announcement dated 30 June 2022.
- Mr. Chen Man Lung has resigned as an executive Director and co-chief executive officer of the Company with effect from 1 September 2022 and 3 September 2022 respectively. For details, please refer to the Company's announcements dated 1 September 2022 and 2 September 2022.
- Mr. Lam Wai Tong, an executive Director and co-chief executive officer of the Company, has been re-designated as the sole chief executive officer of the Company with effect from 3 September 2022. For details, please refer to the Company's announcement dated 2 September 2022.
- Mr. Tam Kin Yip and Mr. Leung Man Loon retired as independent non-executive Directors and members of each of the Audit Committee, the Remuneration Committee and the Nomination Committee at the conclusion of the adjourned annual general meeting held on 1 September 2022. For details, please refer to the Company's announcement dated 1 September 2022.
- Mr. Tam Kin Yip ceased to be the chairman of each of the Remuneration Committee and Nomination Committee at the conclusion of the adjourned annual general meeting held on 1 September 2022 and Mr. Yeung Yat Chuen has been appointed as the chairman of each of the Remuneration Committee and Nomination Committee with effect from the conclusion of the adjourned annual general meeting held on 1 September 2022. For details, please refer to the Company's announcement dated 1 September 2022.



CHANGES TO INFORMATION OF DIRECTORS (CONTINUED)

- Mr. Yeung Yat Chuen has resigned as independent non-executive Director and member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company with effect from 14 September 2022. Mr. Yeung Yat Chuen has also ceased to be the chairman of each of the Remuneration Committee and Nomination Committee with effect from 14 September 2022 and Mr. Liu Ying Shun has been appointed as the chairman of each of the Remuneration Committee and Nomination Committee with effect from 14 September 2022. Also with effect from 14 September 2022, Mr. Yeung Yat Chuen has been appointed as the Chief Operating Officer of the Company. The biographical details of Mr. Yeung Yat Chuen were set out in the Company's announcement dated 14 September 2022.
- Mr. Wang Xihua has resigned as the acting chairman of the Board and the executive Director and has ceased to be the authorised representative of the Company with effect from 24 October 2022. Mr. Lam Wai Tong, an existing executive Director, has been appointed as the authorised representative to replace Mr. Wang Xihua with effect from 24 October 2022. For details, please refer to the Company's announcement dated 24 October 2022.
- Mr. Cheung Siu Fai, an existing executive Director, has been appointed as the chairman of the Board with effect from 24 October 2022. The biographical details of Mr. Cheung Siu Fai as required under Rule 13.51(2) of the Listing Rules were set out in the Company's announcement dated 24 October 2022.
- Mr. Liu Ying Shun, an existing independent non-executive Director, has been appointed as an independent non-executive Director of Magnus Concordia Group Limited (a company listed on the Main Board of the Stock Exchange (Stock Code: 1172)) with effect from 25 November 2022.

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.

SHARE OPTION

Pursuant to a written resolution of the Company passed on 24 September 2013, the Company has conditionally adopted a share option scheme, which took effect on 11 October 2013 (the "Share Option Scheme").

OTHER INFORMATION (CONTINUED)

SHARE OPTION (CONTINUED)

As at 30 September 2022 and up to the date of this interim report, a total of 12,000,000 share options were outstanding under the Share Option Scheme. Movement of the share options during the six months ended 30 September 2022 is listed below in accordance with Rule 17.07 of the Listing Rules:

Categories	During the period			As at 30 September 2022	Notes
	As at 1 April 2022	Exercised	Lapsed		
Employees (continuous contracts)	12,000,000	—	—	12,000,000	1, 2
Total	12,000,000	—	—	12,000,000	

Notes:

1. The validity period is from 26 April 2018 to 25 April 2023 (both days inclusive). All of the share options were immediately vested. The exercise price of the share options and the closing price of the shares of the Company immediately before the date on which these share options were granted were HK\$1.15 and HK\$1.12 respectively. As at 30 September 2022, there were 12,000,000 share options outstanding.
2. The exercise price of the share options is subject to adjustments in the case of rights or bonus issues, or other similar changes in the Company's share capital.

No share option granted under Share Option Scheme was exercised, forfeited, lapsed or cancelled during the six months ended 30 September 2022.

PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Reporting Period (period of six months ended 30 September 2021: nil).



CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of good corporate governance to the Company's growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs. The Company has adopted the code provisions set out in the Corporate Governance Code (amended from time to time, the "Code") contained in Appendix 14 to the Listing Rules. As far as the Code is concerned, during the six months ended 30 September 2022 and up to the date of this interim report, the Company has complied with all applicable Code provisions as set out in the Code contained in the Appendix 14 to the Listing Rules except the deviation from Part 2 of the Code provision C.2.1 (former Code provision A.2.1) during the period from 1 April 2021 to 18 May 2022, which stipulates that the roles of chairman of the Board (the "Chairman") and chief executive officer ("CEO") of the Company should be separated and should not be performed by the same individual. During the period from 1 April 2021 to 18 May 2022, Mr. Wang Xihua had been both the acting Chairman and acting CEO of the Company.

During the period from 1 April 2021 to 18 May 2022, Mr. Wang Xihua, the acting Chairman and the acting CEO of the Company at that time, was responsible for providing leadership to the Board in terms of establishing policies and business directions. He ensured that the Board discharges its responsibilities effectively and all key issues were discussed by the Board timely. Mr. Wang was also responsible for the overall operation and the executive responsibilities of the Group and the full implementation of the directions and policies established by the Board. Although Mr. Wang served as both the Chairman and CEO of the Company which is a deviation from Part 2 of the Code provision C.2.1 (former Code provision A.2.1), given Mr. Wang's extensive experience in the business of the Group, the Board considered during the period in which Mr. Wang was performing both roles of acting Chairman and acting CEO, the efficiency of the Company's business development and management could be enhanced, and would not impair the balance of power and authority between the Board and the management of the Company. Moreover, all other members of the Board have the experience and expertise to ensure balance of power and authority so that the power is not concentrated in any one individual.

Since the appointments of Mr. Lam Wai Tong and Mr. Chen Man Lung as the Co-CEOs of the Company with effect from 19 May 2022, the roles of Chairman and CEO are separated and the Company has not deviated from Part 2 of the Code provision C.2.1 (former Code provision A.2.1). Following the resignation of Mr. Chen Man Lung as the Co-CEO and Mr. Wang Xihua as acting Chairman with effect from 3 September 2022 and 24 October 2022 respectively, Mr. Lam Wai Tong has been re-designated as the sole CEO of the Company and Mr. Cheung Siu Fai has been appointed as the Chairman of the Board with effect from 3 September 2022 and 24 October 2022 respectively.

OTHER INFORMATION (CONTINUED)

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code (amended from time to time) as set out in Appendix 10 of Listing Rules as the code of conduct regarding Directors' transactions in the securities of the Company. Upon the Company's specific enquiry, each Director has confirmed that he/she fully complied the required standards set out in the Model Code under the Listing Rules throughout the Reporting Period, and there is no event of non-compliance. Senior managers, other nominated managers and staff who, because of their offices in the Group, are likely to be in possession of inside information of the Company, have also been requested to comply with the provisions of the Model Code.

AUDIT COMMITTEE

The audit committee of the Company ("**Audit Committee**"), is currently composed of three independent non-executive Directors, namely Mr. Leung Winson Kwan Yau (Chairman), Mr. Liu Ying Shun and Ms. Dong Jian Mei, for the purpose of reviewing and providing, inter alia, supervision over the Group's financial reporting, internal control and risk management system with written terms of reference in compliance with the Listing Rules.

At the request of the Audit Committee, the Company's external auditor had carried out a review of the condensed consolidated financial statements of the Group for the Reporting Period (the "**2022/2023 Interim Financial Information**") in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. 2022/2023 Interim Financial Information and this interim report has been reviewed by the Audit Committee.

APPROVAL OF INTERIM REPORT

This interim report and the unaudited interim condensed consolidated results of the Group for the Reporting Period were approved and authorised for issue by the Board on 29 November 2022.

As at the date of this report, the executive Directors are Mr. CHEUNG Siu Fai and Mr. LAM Wai Tong; and the independent non-executive Directors are Mr. LEUNG Winson Kwan Yau, Mr. LIU Ying Shun and Ms. DONG Jian Mei.