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TATA Health International Holdings Limited

TATA 健康國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1255)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS		2022	2021
Revenue	<i>HK\$'000</i>	144,606	160,925
Gross profit	<i>HK\$'000</i>	113,944	104,718
Profit/(loss) before taxation	<i>HK\$'000</i>	4,104	(69,143)
Profit/(loss) attributable to owners of the Company	<i>HK\$'000</i>	9,613	(60,761)
Gross profit margin	<i>%</i>	78.8	65.1
Profit/(loss) margin attributable to owners of the Company	<i>%</i>	6.6	(37.8)
Earnings/(loss) per share — basic and diluted	<i>HK\$</i>	0.04	(0.26)

The board (the “Board”) of directors (the “Director(s)”) of TATA Health International Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>NOTES</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	144,606	160,925
Cost of sales, net		(30,662)	(56,207)
Gross profit		113,944	104,718
Other income		5,398	2,023
Other gains and losses		33,128	79
Impairment loss on non-financial assets		(604)	(4,367)
Impairment loss under expected credit loss model, net		(848)	(5,342)
Selling and distribution costs		(61,789)	(65,667)
Administrative expenses		(82,231)	(97,257)
Share of results of an associate		(400)	(573)
Finance costs		(2,494)	(2,757)
Profit/(loss) before taxation	6	4,104	(69,143)
Taxation	7	(898)	(1,311)
Profit/(loss) for the year		3,206	(70,454)
Other comprehensive income/(expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		2,126	(425)
Total comprehensive income/(expense) for the year		5,332	(70,879)

	<i>NOTE</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit/(loss) for the year attributable to:			
Owners of the Company		9,613	(60,761)
Non-controlling interests		(6,407)	(9,693)
		<u>3,206</u>	<u>(70,454)</u>
 Total comprehensive income/(expenses) for the year attributable to:			
Owners of the Company		10,639	(61,090)
Non-controlling interests		(5,307)	(9,789)
		<u>5,332</u>	<u>(70,879)</u>
 Earnings/(loss) per share — basic and diluted <i>(HK\$)</i>	 9	 <u>0.04</u>	 <u>(0.26)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2022

	<i>NOTES</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		22,433	10,938
Investment properties		2,100	2,100
Interests in associates		—	400
Loans to an associate		42,967	42,673
Deferred tax assets		4,252	5,150
Deposits and prepayment for a life insurance policy		1,924	1,918
Rental deposits and prepayment		2,314	2,127
		<u>75,990</u>	<u>65,306</u>
Current assets			
Inventories		21,177	19,578
Trade and other receivables	10	22,150	28,054
Amount due from a related company		—	7,071
Amounts due from associates		2,547	1,776
Time deposit over three months		—	20,292
Pledged time deposits		20,539	—
Bank balances and cash		33,649	26,743
		<u>100,062</u>	<u>103,514</u>
Assets classified as held for sale		<u>—</u>	<u>8,041</u>
		<u>100,062</u>	<u>111,555</u>
Current liabilities			
Trade and other payables	11	91,951	67,439
Contract liabilities		175	216
Amounts due to related companies		13,956	42,355
Loan from a related company		10,917	—
Taxation payable		—	564
Lease liabilities		11,478	8,278
Other borrowing — due within one year		15,000	15,000
Bank borrowings — due within one year		5,000	15,707
		<u>148,477</u>	<u>149,559</u>
Net current liabilities		<u>(48,415)</u>	<u>(38,004)</u>
Total assets less current liabilities		<u>27,575</u>	<u>27,302</u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	8,638	1,982
Loan from a related company	—	11,715
	<u>8,638</u>	<u>13,697</u>
Net assets	<u>18,937</u>	<u>13,605</u>
Capital and reserves		
Share capital	2,428	2,428
Reserves	<u>31,221</u>	<u>20,582</u>
Equity attributable to owners of the Company	33,649	23,010
Non-controlling interests	<u>(14,712)</u>	<u>(9,405)</u>
Total equity	<u>18,937</u>	<u>13,605</u>

NOTES

1. GENERAL INFORMATION

The Company is a listed public company incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company acts as an investment holding company while its subsidiaries are principally engaged in the trading of footwear products and healthcare products, and the provision of financial services and online medical services.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the 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 year has had no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company (the “Directors”) anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

As at 31 December 2022, the Group’s current liabilities exceeded its current assets by approximately HK\$48,415,000 (2021: HK\$38,004,000). This condition may cast significant doubt on the Group’s ability to continue as a going concern.

The Directors have reviewed the Group’s cash flow projections prepared by the management. The cash flow projections cover a period of twelve months from the date of approval for issue of these consolidated financial statements. They are of the opinion that, taking into account the plans and measures as stated below, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from date of approval for issue of these consolidated financial statements. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The validity of the use of the going concern basis for the preparation of the consolidated financial statements is dependent upon the success of the Group’s future operations, its ability to generate adequate cash flows in order to meet its obligations as and when they fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements. The Directors are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

1) Financial support from ultimate controlling party

Mr. Yang Jun, the ultimate controlling party of the Company, has agreed to continuously provide financial support for the continuing operations of the Company so as to enable it to meet its liabilities when they fall due and carry on its business without a significant curtailment of operations in the twelve months from date of approval for issue of these consolidated financial statements.

2) Alternative sources of external funding

At 31 December 2022, the Group had unutilised banking facilities of approximately HK\$50,706,000.

3) Cost control

The Directors will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring selling and distribution costs and administrative expenses.

However, the outcome of the above-mentioned management's plans to deal with the condition that cast significant doubt on the Group's ability to continue as a going concern cannot be ascertained with certainty. Hence, there exists material uncertainty about the ability of the Group to continue its operations for the foreseeable future as a going concern. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

4. REVENUE

Disaggregation of revenue from contracts with customers

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Sales of goods		
Footwear products	141,396	152,885
Healthcare products	237	1,698
Financial services	2,540	5,582
Online medical services	433	760
	<u>144,606</u>	<u>160,925</u>
Sales channel		
Retail	136,164	146,660
Wholesale	5,232	6,225
Internet	670	2,458
Corporate	2,540	5,582
	<u>144,606</u>	<u>160,925</u>
Time of revenue recognition		
A point in time	143,249	155,751
Over time	1,357	5,174
	<u>144,606</u>	<u>160,925</u>

All services contracts are for periods of one year or less with fixed consideration. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. OPERATING SEGMENTS

Information reported to the executive Directors, being the chief operating decision makers (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group’s reportable segments under HKFRS 8 *Operating Segments* are as follows:

1. Trading of footwear products
2. Trading of healthcare products
3. Financial services
4. Online medical services

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable segments:

For the year ended 31 December 2022

	Trading of footwear products <i>HK\$’000</i>	Trading of healthcare products <i>HK\$’000</i>	Financial services <i>HK\$’000</i>	Online medical services <i>HK\$’000</i>	Total <i>HK\$’000</i>
Revenue	<u>141,396</u>	<u>237</u>	<u>2,540</u>	<u>433</u>	<u>144,606</u>
Segment results	<u>33,970</u>	<u>(3,310)</u>	<u>(2,700)</u>	<u>(10,183)</u>	17,777
Share of results of an associate					(400)
Unallocated income					1,197
Unallocated expenses					<u>(14,470)</u>
Profit before taxation					<u>4,104</u>

For the year ended 31 December 2021

	Trading of footwear products <i>HK\$'000</i>	Trading of healthcare products <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Online medical services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>152,885</u>	<u>1,698</u>	<u>5,582</u>	<u>760</u>	<u>160,925</u>
Segment results	<u>(15,177)</u>	<u>(5,057)</u>	<u>(6,170)</u>	<u>(13,310)</u>	(39,714)
Share of results of an associate					(573)
Unallocated income					1,064
Unallocated expenses					<u>(29,920)</u>
Loss before taxation					<u>(69,143)</u>

For the year ended 31 December 2022, there was no inter-segment sales (2021: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit/(loss) from each segment without allocation of central administration costs, change in fair value of investment properties and rental income. This is the measure reported to the CODM of the Company for the purpose of resource allocation and performance assessment.

Other segment information

For the year ended 31 December 2022

	Trading of footwear products <i>HK\$'000</i>	Trading of healthcare products <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Online medical services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in measure of segment results or segment assets:						
Addition of non-current assets (<i>note</i>)	15,493	—	—	—	—	15,493
Gain on disposal of property, plant and equipment	32,959	—	—	—	—	32,959
Impairment loss on non-financial assets	—	—	—	—	(604)	(604)
(Impairment loss)/reversal of impairment loss under expected credit loss model, net	(28)	(217)	24	74	(701)	(848)
Depreciation	(11,057)	(4)	—	(7)	(949)	(12,017)
Reversal of allowance for inventories	23,472	—	—	—	—	23,472
Interest income	301	—	1	10	1,053	1,365
Finance costs	(1,005)	—	(49)	—	(1,440)	(2,494)

For the year ended 31 December 2021

	Trading of footwear products <i>HK\$'000</i>	Trading of healthcare products <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Online medical services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in measure of segment results or segment assets:						
Addition of non-current assets (<i>note</i>)	7,680	10	1,855	22	3,151	12,718
Gain on disposal of property, plant and equipment	4	—	348	—	—	352
Impairment loss on non-financial assets	(346)	—	(3,211)	—	(810)	(4,367)
Impairment loss under expected credit loss model, net	(28)	(215)	(137)	(10)	(4,952)	(5,342)
Depreciation	(12,813)	(2)	(154)	(4)	(790)	(13,763)
Reversal of allowance for inventories	6,874	—	—	—	—	6,874
Interest income	272	—	—	—	721	993
Finance costs	(754)	—	(29)	(540)	(1,434)	(2,757)

Note: Non-current assets included property, plant and equipment and investment properties.

Geographical information

Information about the Group's revenue from external customers is presented based on the location of the respective group entities' operations:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	135,062	148,229
Australia	237	1,698
Macau	8,874	10,238
Mainland China	433	760
	<u>144,606</u>	<u>160,925</u>

Information about the Group's non-current assets is presented based on the location of the assets:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	24,434	12,855
Singapore	—	400
Mainland China	11	21
Australia	4	8
Macau	84	154
	<u>24,533</u>	<u>13,438</u>

Note: Non-current assets excluded loans to an associate, deferred tax assets, rental deposits and prepayment, deposits and prepayment for a life insurance policy.

Information about major customers

No individual customer accounted for over 10% of the Group's total revenue during both years.

6. PROFIT/(LOSS) BEFORE TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit/(loss) before taxation has been arrived at after charging/ (crediting):		
Directors' remuneration	8,624	9,507
Other staff costs	56,557	72,223
Share-based payments	—	(477)
Retirement benefit schemes contributions for other staff	3,562	2,617
	<u>68,743</u>	<u>83,870</u>
Total staff costs		
	<u>68,743</u>	<u>83,870</u>
Covid-19-related rent concession	(995)	(116)
Auditors' remuneration	2,080	1,980
Reversal of allowance for inventories, net	(23,472)	(6,874)
Cost of inventories recognised as expenses (including reversal of allowance for inventories, net)	30,662	56,207
Depreciation of property, plant and equipment	12,017	13,763
Impairment loss on non-financial assets		
— property, plant and equipment	604	2,857
— interest in an associate	—	1,510
Loss on write-off of inventories	—	426
Premium charges on a life insurance policy	29	28
	<u>29</u>	<u>28</u>

7. TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax	—	—
Macau Complementary Tax	—	—
	<u>—</u>	<u>—</u>
Deferred taxation	898	1,311
	<u>898</u>	<u>1,311</u>

The Company, which was incorporated in the Cayman Islands, together with those group entities incorporated in the British Virgin Islands, have no assessable profits for both years.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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, the Hong Kong Profits Tax of the qualifying group entity 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.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2022 as the Group has sufficient tax losses brought forward available to offset the current year estimated assessable profits (2021: Nil).

Macau Complementary Tax is calculated at the rate of 12% (2021: 12%) on the estimated assessable profit for both years.

Under the applicable corporate tax law in Australia, income tax is charged at 30% (2021: 30%) of the estimated assessable profit. No provision for Australian income tax has been made in the consolidated financial statements as the subsidiary operating in Australia has no assessable profits for both years.

Taiwan income tax is calculated at 17% (2021: 17%) on the estimated assessable profit of a branch of Kong Tai Sundry Goods in Taiwan for the year. No provision for Taiwan income tax has been made in the consolidated financial statements as the branch operating in Taiwan has no assessable profits for both years.

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% (2021: 25%). No provision for PRC Enterprise Income Tax has been made in the consolidated financial statements as the subsidiaries operating in the PRC have no assessable profits for both years.

8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share for the year ended 31 December 2022 is based on the earnings for the year attributable to owners of the Company of HK\$9,613,000 (2021: loss for the year attributable to owners of the Company of HK\$60,761,000) and the weighted average number of 242,845,000 (2021: 232,018,000) ordinary shares for the purpose of basic and diluted earnings/(loss) per share during the year.

Basic and diluted earnings per share for the year ended 31 December 2022 was the same as there were no potential ordinary shares in issue during the year.

For the year ended 31 December 2021, the calculation of diluted loss per share for the year did not assume the vesting of a share award scheme of a subsidiary of the Group since it would result in a decrease in loss per share. The scheme ended during the year ended 31 December 2021.

10. TRADE AND OTHER RECEIVABLES

Retail sales of footwear products are made at retail shops and concession counters in department stores. The department stores collect payments from the ultimate customers and then repay the balance after deducting the concessionaire commission to the Group. The credit period granted to department stores range from 30 to 60 days. Sales made at retail shops are settled by cash or credit cards. For wholesale of footwear products, trading of healthcare products and provision of financial services, the Group allows a credit period ranging from 30 to 90 days to its trade customers. For wholesale of footwear products, trading of healthcare products and provision of financial services and online medical services, the Group allows a credit period ranging from 15 to 90 days to its trade customers. The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of each reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	5,541	5,507
31 to 60 days	1,163	989
61 to 90 days	530	512
Over 90 days	478	892
	<u>7,712</u>	<u>7,900</u>

11. TRADE AND OTHER PAYABLES

The following is an aging analysis of trade payables based on the invoice date at the end of each reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	1,350	1,296
31 to 60 days	10	219
61 to 90 days	3,868	—
Over 90 days	4,274	1,677
	<u>9,502</u>	<u>3,192</u>

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of the Group for the year ended 31 December 2022 (the "Year").

Looking back on 2022, the COVID-19 pandemic remained severe and the overall economy was still sluggish. However, the Group's results remained fairly stable with a turn from losses in 2021 to a slight profit in 2022, which was due in part to a gain of approximately HK\$33,000,000 from the disposal of properties under the footwear business in January 2022. The annual revenue of the Group reached approximately HK\$144.6 million, representing a decrease of approximately 10.1% as compared to the corresponding period in 2021.

In terms of the footwear business, the retail business in Hong Kong has been severely impacted. Nonetheless, the revenue of the footwear business, which accounted for the main source of revenue of the Group, recorded a revenue of approximately HK\$141.4 million in 2022.

For the healthcare business segment, due to the prevention and control of the pandemic in 2022, the revenue of this segment during the Year was only approximately HK\$0.2 million. Based on the consideration of maintaining a sustainable level, this segment has significantly reduced various expenses, such as labour and rental. However, we are optimistic towards the future of the Chinese healthcare products market, and the Group will continue its investment in this business segment.

For the financial services segment, the segment recorded a revenue of approximately HK\$2.5 million during the Year, which was a significant decline as compared to the corresponding period in 2021. To this end, apart from reducing the cost of labour in Hong Kong, the business sector has continued to actively look for new potential markets since the beginning of the Year, such as increasing its presence in the Singapore market.

In 2022, while deepening the in-depth cooperation with the hospitals of three major universities in Shanghai, we also continued to consolidate the one-stop internet medical platform for the internet medical business. During the Year, only a revenue of approximately HK\$0.4 million was recorded. As of the end of the Year, the cumulative number of users and patients was approximately 112,000. Moreover, this segment continued to actively explore for new business opportunities. Through utilizing the advantages from cooperating with professional organizations in aspects such as traditional Chinese medicine and healthcare, it aims to develop a “medical + health” integrated business.

In the face of uncertainties ahead, the Group will actively respond and operate with prudence. On the premise of ensuring the sustainable and stable development of the existing businesses, the Group will implement a big health strategy, effective market development strategy and cost control. I, together with other members of the Board, will continue to contribute our experience, knowledge and efforts to achieve more optimal returns to the shareholders of the Company.

By order of the Board

TATA Health International Holdings Limited

Yang Jun

Chairman

31 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW AND FUTURE DEVELOPMENT

In 2022, due to the deterioration of the global economy caused by COVID-19, the retail industry was seriously affected and the Company faced severe challenges. Nevertheless, the Group still actively seeks financing opportunities to make efforts to expand its market position in the big health industry. In addition to ensuring the sustainable and stable operation of its main business — the footwear business, the Group completed the construction of the one-stop Internet medical platform, and will also implement effective market development strategies, reduce costs, streamline the organizational structure and expand the healthcare products business in Australia. The Group's overall ability to continue as a going concern has also been greatly improved.

Footwear Business

Revenue of the Group's footwear business for the Year was approximately HK\$141.4 million, representing an approximate 7.5% decrease from approximately HK\$152.9 million for the year of 2021. We had recorded a same store sales decline of approximately 2.1% during the Year (2021: same store sales growth of approximately 23.6%). This was mainly due to the rapid worsening epidemic situation throughout Hong Kong in February and March 2022, and further tightening of the anti-epidemic measures in response, which led to a drastic drop in the flow of people and weak consumption sentiments during such period.

Healthcare Business

The revenue of the healthcare business segment for the Year was approximately HK\$0.2 million (2021: approximately HK\$1.7 million), while a segment loss for the Year of approximately HK\$3.3 million (2021: loss of approximately HK\$5.1 million) was recorded. The decrease in revenue compared with the year of 2021 was due to the continuous outbreak of COVID-19 and months of lockdown.

Financial Services

The operating revenue of DSG Finance Holdings (Hong Kong) Limited (a subsidiary of the Company) and its subsidiaries (collectively, the "DSG Group") derives from: (i) investment management services; (ii) advisory services in securities; and (iii) advisory services in corporate finance.

The COVID-19 pandemic continued to impact the Hong Kong financial industry in 2022. DSG Group faced a challenging fiscal year with the assets under its management decreasing significantly. In order to release more liquid capital and allocate resources more effectively, DSG Securities (Hong Kong) Limited applied for the reduction of its Type 1 regulated activities (dealing in securities), which had been approved by the Securities and Futures Commission on 18 July 2022. DSG Group had only achieved a total revenue of approximately HK\$2.5 million (2021: approximately HK\$5.6 million), which was mainly contributed by the asset management fee income and trade rebate fee income.

Online Medical Services Business

The online medical services business of the Group, being the first to obtain an internet medical licence, is still the first and only class III comprehensive Internet hospital in Shanghai. It entered into the post-entrepreneurial phase after completing the establishment of a one-stop Internet hospital platform. Revenue of approximately HK\$0.4 million was recorded during the Year (2021: approximately HK\$0.8 million).

By the end of the Year, the cumulative number of registered users of the Internet hospital and orders for online consultation were approximately 112,000 and 87,000, respectively.

Prospects

In 2022, the global economy continued to be affected by COVID-19. However, the effect of the COVID-19 epidemic on the market environment is steadily decreasing as the government's epidemic prevention policies continue to be eased and refined. The management expects that the footwear segment will grow steadily in 2023.

Looking forward, DSG Group is optimistic about the investment environment and believes that its focus on risk management and its experienced team have positioned it well for future success.

For the healthcare business, by fully understanding and integrating huge market opportunities and customers' demands, the Group will continuously build a competitive brand supply chain and management model, and develop and introduce new high quality health supplements to customers, to ensure supply stability, price advantages, and the utilization of Australian natural components, and a 100% genuine security system to gain Chinese consumers' favor.

The Group will continuously be dedicated to developing more sales channels and quality Australian supplement products with good, easy and fast services with further investment to be made in the health industry. The healthcare business will work with highly undervalued brands but with huge potential to become an exclusive distributor in the Chinese market.

In light of the Group's strategic transformation towards the big health industry, the online medical services business is at the end of its start-up stage. After completing the construction of the one-stop Internet medical platform, the Group will strengthen marketing efforts and expand sales performance.

Overall, the performance of the Group was still affected by the macro environment caused by unstable factors. Nonetheless, the Group will continue to integrate the businesses of the footwear, financial services, healthcare and online medical services to rationalise its structure of business segments, and will continue to look for strategic partnerships in the health sector to build up a healthy business ecosystem, and create substantial value for the shareholders of the Company.

FINANCIAL REVIEW

Revenue

Revenue of the Group's businesses for the Year was approximately HK\$144.6 million, representing an approximate 10.1% decrease from approximately HK\$160.9 million for the year of 2021, which was mainly due to the decrease in the revenue of the footwear business.

Revenue from the footwear business

Revenue of the Group's footwear business for the Year was approximately HK\$141.4 million, representing an approximate 7.5% decrease from approximately HK\$152.9 million for the year of 2021.

With regard to the sales of footwear products of the major brands for the Year as compared with the year of 2021, sales of "Clarks" footwear products had decreased by approximately 13.3% and sales of "Josef Seibel" footwear products had increased by approximately 22.1%.

As at 31 December 2022, the Group operated 27 retail outlets in Hong Kong (2021: 29) and 1 retail outlet in Macau (2021: 1).

Revenue from the provision of financial services

Revenue of the Group's financial services for the Year was approximately HK\$2.5 million, representing an approximate 55.4% decrease from approximately HK\$5.6 million for the year of 2021, which was mainly attributable to the decrease in income from investment management services and advisory services.

Revenue from the healthcare business

Revenue of the Group's healthcare business for the Year was approximately HK\$0.2 million, representing an approximate 88.2% decrease from approximately HK\$1.7 million for the year of 2021. The main reason for the sales decrease as compared with the year of 2021 was due to the continuous outbreak of COVID-19 and on-and-off lockdowns in Australia.

Revenue from the online medical services business

Revenue of the Group's online medical services business for the Year was approximately HK\$0.4 million (2021: approximately HK\$0.8 million). As in 2021, due to the impact of COVID-19, the revenue of this segment remains low.

Cost of Goods Sold

Our cost of goods sold amounted to approximately HK\$30.7 million for the Year, representing approximately 21.2% of the Group's revenue (2021: approximately HK\$56.2 million, representing approximately 34.9% of the Group's revenue). The decrease in cost of goods sold was mainly due to the decrease in revenue and reversal of allowance for inventories.

Gross Profit

The gross profit (gross profit equals to revenue minus cost of goods sold) of the Group for the Year was approximately HK\$113.9 million, representing an increase of approximately 8.8% from approximately HK\$104.7 million for the year of 2021. Gross profit margin of the Group for the Year was approximately 78.8% (2021: approximately 65.1%). Such increase in gross profit margin was predominantly attributable to the reversal of allowance for inventories.

Depreciation

Depreciation accounted for approximately 8.3% of revenue for the Year (2021: approximately 8.6%).

Staff Costs

Staff costs for the Year were approximately HK\$68.7 million, representing approximately 47.5% of the Group's revenue (2021: approximately HK\$83.9 million, representing approximately 52.1% of the Group's revenue). The decrease in staff costs was mainly due to the decrease in number of staff of the Group as compared to the year of 2021.

Finance Costs

Our finance costs for the Year amounted to approximately HK\$2.5 million (2021: approximately HK\$2.8 million). The finance costs mainly consisted of interest expenses incurred on trade related financing facilities with banks, other borrowings and lease liabilities, and imputed interest on loans from related companies.

Other Gains and Losses

Our other net gains for the Year amounted to approximately HK\$33.1 million (2021: net gains of approximately HK\$0.1 million). The increase was mainly due to the gains on the disposal of properties under the footwear business in January 2022 of approximately HK\$33.0 million.

Profit Before Tax

As a result of the foregoing, our profit before tax for the Year was approximately HK\$4.1 million, as compared to a loss before tax of approximately HK\$69.1 million for the year ended 31 December 2021.

Liquidity and Financial Resources

The Group finances its working capital with internally generated cash flows, other borrowings and bank borrowings. As at 31 December 2022, the Group had bank balances and cash amounting to approximately HK\$33.6 million (31 December 2021: approximately HK\$26.7 million), representing an increase of approximately 25.8% from 31 December 2021. Most of the bank deposits and cash were denominated in Hong Kong Dollars. As at 31 December 2022, the Group had short-term bank borrowings amounting to HK\$5.0 million (31 December 2021: approximately HK\$15.7 million) and other borrowings in the amount of HK\$15.0 million (2021: HK\$15.0 million). As at 31 December 2022, the Group did not have any outstanding long-term bank borrowings, except for a lease liability of approximately HK\$8.6 million (31 December 2021: approximately HK\$2.0 million).

Pledge of Assets

As at 31 December 2022, leasehold land and buildings, pledged time deposits, investment properties and deposit and prepayment for a life insurance policy (31 December 2021: leasehold land and buildings, assets classified as held for sale, investment properties, deposit and prepayment for a life insurance policy) were pledged to secure the bank borrowings and banking facilities granted to the Group.

Gearing Ratio

As at 31 December 2022, the Group's gearing ratio (total debt to total equity) was approximately 102.6% (31 December 2021: approximately 311.8%). The lower gearing ratio was mainly attributable to the decrease in other borrowing and bank borrowings.

Future Plans for Material Investments or Capital Assets

Looking ahead to 2023, the Group is aware of the persistent volatilities in the operating environment due to the complex global geopolitical issues and the increase in stagflation risks. Slow growth in domestic demand and a slowdown in expected economic growth further compound the uncertainties over the economic outlook. Despite these challenges, the global economy, and in particular mainland China, continues to display strong resilience, tremendous potential and great vitality. The underlying factors that support its long-term growth remain robust. As the world enters a new phase in the post-COVID-19 era, life is returning to normal and economic activities are resuming. The global economy is expected to experience a strong improvement in 2023.

As disclosed in the paragraph headed "Prospects" above, the Group will continue to integrate the business and look for strategic partnerships in the health sector to build up a healthy business ecosystem. The Company will also actively seek various kinds of financing to make efforts to transform the big health industry.

Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Ventures

The Group had no significant investments held, nor any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Year.

Treasury Policy

The Group adopts a treasury policy that aims to better control its treasury operations and lower borrowing costs. As such, the Group endeavours to maintain an adequate level of cash and cash equivalents to address short-term funding needs. The Board will also consider various funding sources depending on the Group's funding needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations. The Board reviews and evaluates the Group's treasury policy from time to time to ensure its adequacy and effectiveness.

THE SUBSCRIPTION

The Company completed the issue of 28,845,000 new subscription shares (the “Subscription Share(s)”) under specific mandate (the “Subscription”) on 18 May 2021 and the gross proceeds and net proceeds raised were HK\$74,997,000 and HK\$74,497,000, respectively. The aggregate nominal value of the Subscription Shares was HK\$288,450. The net price of each Subscription Share was approximately HK\$2.58 and the closing price per share on the date of the subscription agreements was HK\$3.75. The Directors considered that the Subscription represented an opportunity to raise funding for the business development of the Group and would strengthen the Group’s financial position. For further details, please refer to the announcement and circular of the Company dated 25 March 2021 and 28 April 2021, respectively.

The following table sets out the details of the intended use of the net proceeds from the Subscription and the amount of net proceeds that the Group had utilised during the Year:

	Approximate proportion of total amount	Net proceeds from the Subscription	Net proceeds utilised during the Year	Net proceeds utilised as of 31 December 2022	Unutilised net proceeds as at 31 December 2022	Expected timeline for utilising the unutilised net proceeds (<i>Note</i>)
Replenishment of the Company’s working capital, for payment of items such as salaries, administrative expenses and fees charged by various professional parties	25%	HK\$18,624,250	Nil	HK\$18,624,250	Nil	—
Improvement of the Company’s one-stop-shop Internet hospital platform, which will be mainly utilized in the areas of customer service support, user acquisition, product improvement and development	15%	HK\$11,174,550	Nil	HK\$11,174,550	Nil	—
For the Australian health supplement sector, strengthening the supply chain, developing and introducing new products, and developing the online platform of the Company’s subsidiary, Sixth Avenue Plus Pty Ltd., Zebra	30%	HK\$22,349,100	Nil	HK\$22,349,100	Nil	—
Seeking new business development opportunities and acquisition targets in the healthcare industry, identifying high-growth investment targets that are in line with the Company’s strategy and enhance the Company’s value	30%	HK\$22,349,100	HK\$386,240	HK\$21,466,720.9	HK\$882,379.1	By 31 December 2023
Total	100%	HK\$74,497,000	HK\$386,240	HK\$73,614,620.9	HK\$882,379.1	

Note: The expected timeline for utilising the unutilised net proceeds is based on the best estimation of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.

Announcement pursuant to Rule 3.7 the Takeovers Code

On 7 May 2020, the Company had received a letter from Alvarez & Marsal Asia Limited regarding the appointment of Ms. Yeung Mei Lee and Ms. Wing Sze Tiffany Wong as joint and several receivers and managers (collectively, the “Receivers”) over 123,993,617 shares of the Company (the “Charged Shares”) held by Shang Ying Financial Holding Co., Limited (the “Borrower”), which had been charged to Great Wall International Investment X Limited. The Charged Shares represented approximately 51.06% of the issued Shares as at the date of this announcement, and the Company was given to understand that the Receivers may look for potential purchaser(s) for the Charged Shares (the “Possible Transaction”) which was subsequently suspended in April 2021 and resumed operation in January 2022. For further details of the Possible Transaction, please refer to the announcements of the Company dated 8 May 2020, 12 May 2020, 12 June 2020, 13 July 2020, 13 August 2020, 11 September 2020, 12 October 2020, 12 November 2020, 11 December 2020, 12 January 2021, 11 February 2021, 12 March 2021, 12 April 2021, 13 January 2022, 11 February 2022, 11 March 2022, 13 April 2022, 13 May 2022, 13 June 2022, 13 July 2022, 12 August 2022, 13 September 2022, 13 October 2022, 11 November 2022, 13 December 2022, 13 January 2023, 13 February 2023 and 13 March 2023, respectively.

Foreign Currency Risk

The Group’s sales and purchases for the Year were mostly denominated in Hong Kong dollars, Renminbi, Macau Pataca, Singapore dollars, Euros, US dollars and Australian dollars. The Renminbi is not a freely convertible currency, and the currency market for Macau Pataca is relatively small and undeveloped. In view of the above, future exchange rates of the above currencies could vary significantly from the current or historical exchange rates as a result of the controls that could be imposed by the respective governments and the depth and breadth of the respective markets of currency exchange. The respective exchange rates may also be affected by economic developments and geopolitical changes domestically and internationally, and the demand and supply of the respective currencies. The appreciation or devaluation of the respective currencies against Hong Kong dollars may also have an impact on the Group’s results.

The Group manages its foreign currency risk by closely monitoring the movements of foreign currency exchange rates. The Group did not enter into any foreign currency forward contracts to hedge against foreign currency risk as at 31 December 2022.

Human Resources

As at 31 December 2022, the Group employed 150 employees (2021: 185). Remuneration packages are generally structured by reference to market terms and individual qualifications and experience. During the Year, various training activities, such as training of product and service knowledge, management skills as well as local consumer laws were conducted to improve the quality of sales services.

Dividends

The Board has resolved not to recommend the payment of a final dividend for the Year (2021: Nil).

Total Shareholder Return

Total shareholder return (“TSR”) is calculated based on capital gains and dividends of the shares of the Company. The Company had a TSR of approximately negative 46.7% for the Year (2021: negative 43.0%).

PURCHASE, SALE AND REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Year.

CORPORATE GOVERNANCE PRACTICES

The Board has reviewed the Company’s corporate governance practices and is satisfied that the Company complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules during the Year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) as contained in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ dealings in the Company’s securities. Following specific enquiry made to the Directors, each of them has confirmed their compliance with the required standard as set out in the Model Code throughout the Year.

AUDIT COMMITTEE

The audit committee of the Company, comprising of 3 independent non-executive Directors — Mr. Wang Jian, Mr. Xie Rongxing and Ms. Tan Yuying — has reviewed with the management the principal accounting policies adopted by the Group and discussed the risk management and internal control systems and financial reporting matters, including the review of the audited consolidated financial statements, for the Year.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited ("HLB"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and consequently no assurance has been expressed by HLB on this announcement.

EXTRACT OF THE INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the Year in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 3.1 in the consolidated financial statements, which indicates that the Group's current liabilities exceeded its current assets by approximately HK\$48,415,000 as at 31 December 2022. As stated in Note 3.1, this condition, along with other matters as set forth in Note 3.1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, the Group had no other significant event that happened after the Year.

APPRECIATION

The Board would like to thank the management of the Group and all its staff for their hard work and dedication, as well as its shareholders, business partners and associates, bankers and auditor for their support to the Group.

By order of the Board
TATA Health International Holdings Limited
Yang Jun
Chairman

Hong Kong, 31 March 2023

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Yang Jun and Mr. Lai Wenjing, four non-executive Directors, namely, Mr. Lin Zheming, Mr. Lin Jun, Mr. Chu Chun Ho, Dominic and Mr. Chen Anhua and three independent non-executive Directors, namely, Mr. Xie Rongxing, Ms. Tan Yuying and Mr. Wang Jian.