



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

2023/2024 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 2023 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.

Moore CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors
Hong Kong
29 November 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Notes	For the six months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
CONTINUING OPERATIONS			
REVENUE	3	128,012	112,294
Cost of sales		(29,848)	(26,183)
GROSS PROFIT			
Other income, gains or losses		98,164	86,111
Selling and distribution expenses		(3,611)	3,462
Administrative expenses		(26,191)	(18,917)
Share of profit of associates		(50,863)	(39,367)
Loss on disposal of a subsidiary		—	6
Fair value change of equity instruments at fair value through profit or loss (“FVTPL”)		(50)	(237)
Loss on disposal of associates		—	(3,473)
		—	(1,042)
PROFIT FROM CONTINUING OPERATIONS			
Finance costs	5(c)	17,449	26,543
		(3,893)	(3,105)
PROFIT BEFORE TAXATION			
Taxation	5 6	13,556	23,438
		(2,757)	(4,506)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS			
		10,799	18,932
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations	7	—	(423)



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

For the six months ended 30 September 2023

	For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
PROFIT FOR THE PERIOD	10,799	18,509
OTHER COMPREHENSIVE INCOME/ (EXPENSE) FOR THE PERIOD		
Item that will not be reclassified to profit and loss:		
Change in fair value upon transfer from property, plant and equipment to investment property	19,612	—
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	(209)	(285)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	30,202	18,224
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		
— from continuing operations	10,846	18,995
— from discontinued operations	—	(260)
	10,846	18,735
LOSS FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		
— from continuing operations	(47)	(63)
— from discontinued operations	—	(163)
	(47)	(226)

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

For the six months ended 30 September 2023

	Notes	For the six months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE PERIOD			
ATTRIBUTABLE TO:			
Owners of the Company		30,199	18,357
Non-controlling interests		3	(133)
		30,202	18,224
EARNINGS PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS			
— Basic (HK cents)	9	0.35	0.60
— Diluted (HK cents)	9	0.35	0.60
EARNINGS PER SHARE FROM CONTINUING OPERATIONS			
— Basic (HK cents)	9	0.35	0.61
— Diluted (HK cents)	9	0.35	0.61



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Notes	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
NON-CURRENT ASSETS			
Investment properties	10	154,000	136,900
Property, plant and equipment	11	68,841	68,401
Right-of-use assets	11	12,683	6,722
Intangible assets		6,875	7,425
Prepayments and deposits		22,092	22,918
		264,491	242,366
CURRENT ASSETS			
Inventories		25,844	23,817
Trade and other receivables, prepayments and deposits	12	47,386	58,780
Tax recoverable		9	1,375
Cash and cash equivalents		21,195	13,108
		94,434	97,080
CURRENT LIABILITIES			
Trade payables, other payables and accruals	13	22,988	24,602
Contract liabilities		50	84
Amount due to a shareholder		30,909	79,909
Bank and other borrowings	14	110,912	79,737
Lease liabilities		4,537	2,692
Refund liabilities		1,274	1,274
Tax payable		6,207	3,657
		176,877	191,955
NET CURRENT LIABILITIES		(82,443)	(94,875)
TOTAL ASSETS LESS CURRENT LIABILITIES		182,048	147,491

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2023

	Note	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
NON-CURRENT LIABILITIES			
Lease liabilities		8,385	4,076
Deferred tax liabilities		—	5
		8,385	4,081
NET ASSETS			
		173,663	143,410
EQUITY			
Share capital	15	7,770	7,770
Reserves		168,487	138,237
Equity attributable to owners of the Company		176,257	146,007
Non-controlling interests		(2,594)	(2,597)
TOTAL EQUITY			
		173,663	143,410



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	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	Property revaluation 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 2023 (audited)	7,770	424,497	(10)	462	584	—	—	(287,296)	146,007	(2,597)	143,410
Profit/(loss) for the period	—	—	—	—	—	—	—	10,846	10,846	(47)	10,799
Other comprehensive income/(expense) for the period											
Change in fair value of investment property through other comprehensive income	—	—	—	—	—	19,612	—	—	19,612	—	19,612
Exchange differences on translation of financial statements of foreign operations	—	—	—	—	(259)	—	—	—	(259)	50	(209)
Total comprehensive (expense)/income for the period	—	—	—	—	(259)	19,612	—	10,846	30,199	3	30,202
Disposal of a subsidiary	—	—	—	—	—	—	—	51	51	—	51
At 30 September 2023 (unaudited)	7,770	424,497	(10)	462	325	19,612	—	(276,399)	176,257	(2,594)	173,663
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 income/(expense) 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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Operating activities		
Operating cash flows before movements in working capital	26,308	33,736
(Increase)/decrease in inventories	(2,272)	598
Decrease/(increase) in trade and other receivables, prepayments and deposits	12,468	(21,051)
Decrease in contract liabilities	(34)	(125)
Decrease in refund liabilities	—	(165)
Decrease in trade payables, other payables and accruals	(1,364)	(2,338)
Cash generated from operations	35,106	10,655
Hong Kong Profits Tax refunded	1,366	—
Hong Kong Profits Tax paid	(212)	(1,878)
Net cash from operating activities	36,260	8,777
Investing activities		
Purchase of equity instruments at FVTPL	—	(12,500)
Purchase of property, plant and equipment	(3,922)	(257)
Purchase of right-of-use assets	(31)	—
Net cash outflow on disposal of subsidiaries	—	(212)
Proceeds from disposal of associates	—	66,000
Proceeds from disposal of equity instruments at FVTPL	—	153
Bank interest received	26	8
Net cash (used in)/from investing activities	(3,927)	53,192



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 September 2023

	For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Financing activities		
New bank borrowings raised	50,000	—
Repayment to a shareholder	(49,000)	—
Repayment of bank borrowings	(5,825)	(4,985)
Repayment of other borrowings	(13,000)	(7,000)
Repayment of lease liabilities	(2,320)	(1,275)
Interest paid	(3,893)	(3,053)
Net cash used in financing activities	(24,038)	(16,313)
Net increase in cash and cash equivalents	8,295	45,656
Cash and cash equivalents at beginning of the period	13,108	16,312
Effect of foreign exchange rate changes	(208)	(288)
Cash and cash equivalents at end of the period	21,195	61,680

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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 2023 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 and investment properties, 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 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2023.

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 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Application of amendments to HKFRSs (Continued)

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.

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Government of the Hong Kong SAR (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will eventually abolish the statutory right of an employer to reduce its long service payment (“**LSP**”) and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund (“**MPF**”) scheme (also known as the “**offsetting mechanism**”). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the “**Transition Date**”). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism.

The Group has assessed the implications of this new guidance on the above accounting policies and has decided to change those accounting policies to conform with the guidance. The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time the interim financial report is authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

3. REVENUE

	For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Continuing operations		
Revenue from contracts with customers (note)	126,004	112,294
Leasing of investment properties	2,008	—
	128,012	112,294

Note:

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

The Group only has one operating and reportable segment. Management determines the operating segment based on the information reported to the Group's chief operating decision makers ("CODMs") (i.e. the executive directors of the Company).

The CODMs assess the operating performance and allocate the resources of the Group as a whole as the Group is primarily engaged in the business of sales of health and beauty supplements and products and leasing of investment properties. Accordingly, only entity-wide disclosures are presented.

No analysis of segment assets and liabilities is presented because the CODMs do not base on such analysis for resource allocation and performance assessment.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

5. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging the following items:

	For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
CONTINUING OPERATIONS		
(a) Staff costs:		
Salaries, allowances, and other benefits (including directors' emoluments)	37,076	32,717
Contributions to defined contribution retirement plans	1,192	1,034
	38,268	33,751
(b) Other items:		
Auditors' remuneration	757	900
Cost of inventories	22,480	19,966
Depreciation of		
— property, plant and equipment	2,094	1,920
— right-of-use assets	2,294	1,157
Amortisation of intangible assets	550	10
Exchange loss, net	212	92
Rent for special designated counters	16,476	7,686
(c) Finance costs:		
Interest on bank borrowings	2,738	1,953
Interest on other borrowings	189	1,100
Interest on amount due to a shareholder	716	—
Total interest expenses from financial liabilities	3,643	3,053
Interest on lease liabilities	250	52
	3,893	3,105

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

6. TAXATION

	For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
CONTINUING OPERATIONS		
Current taxation		
Hong Kong Profits Tax	2,762	4,512
Deferred tax	(5)	(6)
	2,757	4,506

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 2023

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)
<hr/>	
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 2023

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 2023

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)
Gross profit	6
Other income, gains or losses	58
Administrative expenses	(884)
Loss before taxation	(820)
Taxation	—
Loss for the period	(820)
Loss for the period from discontinued operations includes the following:	
Staff costs (including directors' emoluments):	
— Salaries, allowances and other benefits	315
— Retirement benefits	11
	326

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

8. DIVIDENDS

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

9. EARNINGS PER SHARE

From Continuing Operations

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

	For the six months ended 30 September	
	2023 (unaudited)	2022 (unaudited)
Profit (HK\$'000)		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	10,846	18,735
Less: Loss for the period from discontinued operations	—	260
<hr/>		
Profit for the purpose of basic earnings per share from continuing operations	10,846	18,995
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Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	3,107,893,440	3,107,893,440
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

9. EARNINGS PER SHARE (CONTINUED)

From Continuing and Discontinued Operations

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

	For the six months ended 30 September	
	2023 (unaudited)	2022 (unaudited)
Profit (HK\$'000)		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	10,846	18,735

The denominators used are the same as those detailed above for the basic earnings 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, based on the loss for the period from the discontinued operations of approximately HK\$260,000 and the denominators used is the same as those detailed above for basic earnings 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

10. INVESTMENT PROPERTIES

	HK\$'000
At fair value	
At the beginning of the year	—
Acquisition through acquisition of a subsidiary	125,000
Fair value change	11,900
	<hr/>
At 31 March 2023 (audited)	136,900
Transfer from property, plant and equipment	21,000
Fair value change	(3,900)
	<hr/>
At 30 September 2023 (unaudited)	<hr/> <u>154,000</u>

As at 1 April 2023, the owner-occupied property was transferred from property, plant and equipment to investment property, following a change in use. The difference of HK\$19,612,000 between the fair value of HK\$21,000,000 and the carrying amount of the properties of HK\$1,388,000 as of the date of change in use, is credited to the property revaluation reserve and recognised in other comprehensive income during the six months ended 30 September 2023.

The Group's investment properties fall under level 3 of the fair value hierarchy as at 30 September 2023.

The valuations were arrived at on the basis of valuations and were carried out on that date by Peak Vision Appraisals Limited, an independent qualified professional valuer, who is not connected to the Group using the income capitalisation approach by capitalising the monthly market rent at appropriate capitalisation rates. The resulting decrease in fair value of investment properties of HK\$3,900,000 (six months ended 30 September 2022: Nil) has been recognised directly in profit or loss for the six months ended 30 September 2023.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENTS AND RIGHT-OF-USE ASSETS

During the six months ended 30 September 2023, there are additions of HK\$3,922,000 to the property, plant and equipment.

During the six months ended 30 September 2023, the Group entered into several new lease agreements with lease terms of 1 to 4 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\$8,255,000 and lease liabilities of approximately HK\$8,224,000. No new lease agreement was entered by the Group during the six months ended 30 September 2022.

12. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

As at 30 September 2023, included in trade and other receivables, prepayments and deposits are trade receivables of approximately HK\$26,962,000 (as at 31 March 2023: HK\$40,000,000).

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 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
0-30 days	25,664	34,379
31-60 days	1,202	5,491
61-90 days	—	5
91-180 days	2	8
181-365 days	33	5
Over 365 days	61	112
	26,962	40,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

13. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

As at 30 September 2023, included in trade payables, other payables and accruals are trade payables of approximately HK\$3,466,000 (as at 31 March 2023: HK\$3,040,000).

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 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
0-30 days	1,675	1,525
31-60 days	1,226	548
61-90 days	176	134
91-180 days	168	496
181-365 days	—	20
Over 365 days	221	317
	3,466	3,040

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

14. BANK AND OTHER BORROWINGS

	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
Bank borrowings, secured and carried at variable rates	105,912	61,737
Other borrowings:		
Unsecured notes, carried at fixed rates	5,000	18,000
Total bank and other borrowings	110,912	79,737

During the six months ended 30 September 2023, the Group repaid bank and other borrowings amounting to approximately HK\$18,825,000 (for the six months ended 30 September 2022: approximately HK\$11,985,000), obtained new bank loans which carried interest at variable rate amounting to approximately HK\$50,000,000 (for the six months ended 30 September 2022: Nil).

The bank borrowings with repayment on demand clause amounted to HK\$105,912,000 (31 March 2023: HK\$61,737,000). Taking into account the Group's financial position, the management believes that it is remote for the banks to exercise their discretionary rights to demand immediate repayment. The management believes that such bank borrowings will be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

15. SHARE CAPITAL

	As at 30 September 2023			As at 31 March 2023		
	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) and at end of the period (unaudited)	0.0025	3,107,893,440	7,770	0.0025	3,107,893,440	7,770

16. COMMITMENTS

As at 30 September 2023, the Group was committed to acquire certain property, plant and equipment with a total amount of approximately HK\$1,193,000 (as at 31 March 2023: approximately HK\$2,377,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

17. 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 2023 and 2022:

(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	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Short-term employee benefits	5,680	6,581
Retirement benefits	80	77
	5,760	6,658

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

17. 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 2023 HK\$'000 (unaudited)	As at/for the six months ended 30 September 2022 HK\$'000 (unaudited)
Sunex Limited	An entity wholly owned by Mr. Chan Yan Tak, substantial shareholder of the Company (Note (a))	Interest expenses on lease liabilities	—	4
		Lease liabilities	—	120
EC Star Trading Limited	An entity wholly owned by Mr. Chan Yan Tak, substantial shareholder of the Company (Note (a))	Interest expenses on lease liabilities	—	2
		Lease liabilities	—	68
Galaxy Centre Limited	An entity wholly owned by Mr. Chan Yan Tak, substantial shareholder of the Company (Note (a))	Interest expenses on lease liabilities	—	4
		Lease liabilities	—	100
Excel Galaxy Limited	An entity wholly owned by Mr. Chan Yan Tak, substantial shareholder of the Company (Note (a))	Interest expenses on lease liabilities	—	3
		Lease liabilities	—	97
Supremium Bio-Technology Limited (“Supremium”)	A subsidiary of Aggressive Resources Limited, a disposed associate of the Group	Sales to Supremium	—	65
		Consultancy fee paid to Supremium	—	25

Note:

- a. Mr. Chan Yan Tak ceased to be a substantial shareholder of the Company on 7 November 2022.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

17. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Interest on amount due to a shareholder

During the six months ended 30 September 2023, interest expenses of approximately HK\$716,000 (six months ended 30 September 2022: Nil) were incurred for and interest payable, as at 30 September 2023, of approximately HK\$643,000 (as at 31 March 2023: approximately HK\$182,000) were amount due to a shareholder.

(d) Disposal of a subsidiary

On 9 May 2023, the Group entered into a sale and purchase agreement with a director of the Company and a key management personnel to sell 100% equity interest in a subsidiary, at a cash consideration of HK\$2,000.

(e) Balances with a related party

Details of amount due to a shareholder are set out in the condensed consolidated statement of financial position.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

During the six months period ended 30 September 2023 (the “**Reporting Period**”), our healthcare business in Hong Kong has witnessed a steady growth in revenue, driven by increased demand for our products since the gradual easing of the travel restrictions in the first quarter of 2023 and brought by the implementation of the 2023 Consumption Voucher Scheme by the Hong Kong Government.

Despite continuing strong rebound in our sales performance during the Reporting Period, we have faced several challenges including global inflation and new market competitors which have put pressure on our pricing strategies and profit margins. To cope with these challenges, the Group has stayed focused on our core business with strengthened operation and cost discipline. The Group continued to enhance customer loyalty and satisfaction by dedicating resources to promoting our brand image, products quality and reliability.

The Group recorded a profit attributable to owners of the Company during the Reporting Period of approximately HK\$10.8 million (period of six months ended 30 September 2022: HK\$18.7 million). The decrease in profit attributable to owners of the Company during the Reporting Period was mainly because of the net effect of (i) increase in the revenue and gross profit due to the continuing recovery on Hong Kong economy and customer demands for our products; (ii) decrease in fair value of the investment properties; (iii) absence of one-off subsidies under Employment Support Scheme of the Hong Kong Government; (iv) increase in marketing expenditure in relation to the 20th anniversary promotion campaigns of the Group launched; and (v) increase in commission expenses to promoters as a result of the Group’s progressive commission policy.

During the Reporting Period, the Group recorded the revenue from continuing operations of approximately HK\$128.0 million (period of six months ended 30 September 2022: HK\$112.3 million), representing an increase of approximately HK\$15.7 million or 14% 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 2022: 76.7%). The Group managed to maintain a stable gross profit margin during the six months periods ended 30 September 2023 and 2022.

Intangible assets

As at 30 September 2023, the intangible assets of the Group amounted to approximately HK\$6.9 million (as at 31 March 2023: HK\$7.4 million). Intangible assets mainly include computer softwares and club membership.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS AND FINANCIAL REVIEW (CONTINUED)

Financial position and liquidity

As at 30 September 2023, cash and bank balances of the Group amounted to approximately HK\$21.2 million (as at 31 March 2023: HK\$13.1 million). The current ratio (current assets divided by current liabilities) of the Group was approximately 0.5 times as at 30 September 2023 (as at 31 March 2023: 0.5 times). The Group's gearing ratio, representing amount due to a shareholder and bank and other borrowings divided by total equity, was approximately 81.7% as at 30 September 2023 (as at 31 March 2023: approximately 111.3%). The improvement of gearing ratio is mainly due to the repayment to a shareholder, improved accumulated losses arising from profit from operation and the increase in property revaluation reserve. 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 optimise 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 2023, the Group had 264 employees (as at 31 March 2023: 276). For the Reporting Period, staff costs including remuneration of the directors of the Company (the "Director(s)") from continuing operations were approximately HK\$38.3 million (period of six months ended 30 September 2022: HK\$33.8 million).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS AND FINANCIAL REVIEW (CONTINUED)

Material acquisitions or disposals

There were no material acquisitions or disposals of subsidiaries, associated companies and joint ventures during the Reporting Period. The disposal of subsidiaries during the period of six months ended 30 September 2022 was disclosed in note 7 to the unaudited condensed consolidated financial statements in this interim report.

Segment Information

Segment information of the Group is set out in note 4 to the unaudited condensed consolidated financial statements in this interim report.

Charges on assets

As at 30 September 2023, the Group had secured bank loans of approximately HK\$105.9 million (as at 31 March 2023: HK\$61.7 million). The banking facilities were secured by the Group's leasehold land and buildings and investment properties, having a carrying amount of approximately HK\$63.3 million and HK\$154.0 million respectively as at 30 September 2023 (as at 31 March 2023: leasehold land and buildings and investment properties having a carrying amount of approximately HK\$66.1 million and nil respectively).

Contingent liabilities

The Group did not have material contingent liabilities as at 30 September 2023 (as at 31 March 2023: Nil).

Capital commitment

As at 30 September 2023, the Group was committed to acquire certain property, plant and equipment with a total amount of approximately HK\$1.2 million (as at 31 March 2023: HK\$2.4 million).

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 2022: Nil).



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

OUTLOOK

In the wake of the Coronavirus Disease 2019 (“COVID-19”) pandemic and the complete reopening of the border of Mainland China and Hong Kong and lifting of COVID-19 related restrictions, the tourism and retail industries have seen rebounding with post COVID-19 normalisation of economic activity. Although the tourist arrivals and the consumption spending of tourists have not fully recovered to the pre-pandemic levels, the management of the Group believes that with the series of promotion campaigns on the tourism and retail industries organized by the Hong Kong Government, the complete recovery of the retail industry is only a matter of time. On the other hand, considering the growing health consciousness of the general public for the post-pandemic period which accelerated the consumer to shift towards greater proactivity in managing their health and wellness, the management of the Group is optimistic about the growth momentum of the consumer healthcare market and the promising outlook for the healthcare industry.

With the ultimate goal to maximise value for shareholders and enhance its position in the competitive industry, the Group is dedicated to expanding its markets beyond Hong Kong. We are actively exploring new markets in other Asian regions including the Mainland China. The management of the Group believes the expansion plans of new markets can generate additional income and diversify our income stream in the near future.

In terms of research and development, the Royal Medic Research and Development Centre (the “R&D Centre”) which is located at the Hong Kong Science Park, has been established since 2017 and has been committed to improving the quality control standard of our existing products, assisting in the research and development of new products and promoting academic exchange between Royal Medic and local universities. The primary scope of business of the R&D Centre covers chemical analysis of product ingredients, which develops rapid and accurate ingredient testing methods utilising an advanced chemical analysis platform to improve product safety and reliability. The Group will leverage the extensive experience of the high calibre product development team to operate the R&D Centre in where new product reserve is built up so that the Group can launch new products from time to time.

Entering the post-pandemic era, the Group recognises that information technology has become the way forward to enhance the overall operational efficiency. The Group is enhancing internal management system for the purpose of further improving our cost effectiveness, logistics management and shortening the procurement cycle. As such, the management of the Group believes the internal management system will simplify the workflow and achieve more effective cost management of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

OUTLOOK (CONTINUED)

In terms of marketing, the Group has invited Mr. Hins Cheung, a popular idol singer who has been famous in the Hong Kong's entertainment business for more than 20 years, to be the spokesperson of newly launched nicotinamide mononucleotide (“NMN”) product of the Group. Mr. Hins Cheung is well-known for his positive image and pursuance of quality, which is in line with our mission of manufacturing and providing high quality healthcare products to the public. Mr. Hins Cheung also has a fanbase with wide age groups that range from 20 to 60 years old, which will undoubtedly help to attract customers from different ages. Besides, the Group will continue to strengthen its promotion plans to reshape the brand image of “Royal Medic” and capture the market of young consumers of healthcare products ahead of other competitors.

Looking forward, leveraging on the insights gained from years of operations, together with the experience during the difficult time of the pandemic in recent years, the Group is confident to overcome the challenges ahead. The Group is ready to grasp for new business opportunities arising from the gradual recovery of the retail market to facilitate the steady development of the Group and create higher and long-term value for our shareholders.

EVENTS AFTER REPORTING PERIOD

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



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

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

As at 30 September 2023, the interests and short positions of the Directors 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 (Chapter 571 of the Laws of Hong Kong) (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:

Interests in the shares of the Company

Name of Director	Capacity/Nature	Nature of interests	Number of shares held ⁽¹⁾	Approximate percentage of interest in the Company's issued share capital*
Mr. Cheung Siu Fai	Interest of controlled corporation	Ordinary Shares	723,242,000(L) ⁽²⁾	23.27%
	Beneficial owner	Ordinary Shares	12,952,000(L) ⁽³⁾	0.42%
	Other	Ordinary Shares	723,242,000(S) ⁽⁴⁾	23.27%

* The percentage has been adjusted, if any, based on the total number of shares of the Company in issue as at 30 September 2023 (i.e. 3,107,893,440 shares).



OTHER INFORMATION (CONTINUED)

DISCLOSURE OF INTERESTS (CONTINUED)

Interests in the shares of the Company(Continued)

Notes:

- (1) The letters “L” and “S” denote the Director’s long and short position in the shares of the Company respectively.
- (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 notices of disclosures of interests of Leading Virtue Holdings Limited (“**Leading Virtue**”) and Mr. Cheung Siu Fai filed with the Stock Exchange on 21 July 2023, 723,242,000 shares of the Company are held by Leading Virtue, a company wholly-owned by Mr. Cheung Siu Fai. As such, Mr. Cheung Siu Fai is deemed to be interested in the shares held by Leading Virtue by virtue of the SFO.
- (3) Mr. Cheung Siu Fai, the chairman of the Board and the executive director of the Company, 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 disclosures of interests of Hammer Capital Ventures Limited (“**Hammer Capital Ventures**”) and Mr. Cheung Siu Fai filed with the Stock Exchange on 21 July 2023, the short position of 723,242,000 shares of the Company represents the shares lent by Leading Virtue as lender to Hammer Capital Ventures as borrower pursuant to a securities borrowing and lending agreement. Hammer Capital Ventures is wholly-owned by Mr. Cheung Siu Fai. As such, Mr. Cheung Siu Fai is deemed to be interested in the interest held by Hammer Capital Ventures by virtue of the SFO.

Saved as disclosed above, as at 30 September 2023, 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.

OTHER INFORMATION (CONTINUED)

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

As at 30 September 2023, the number of outstanding share options granted by the Company under the 2023 share option scheme (as defined below) adopted by the Company on 13 September 2023 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 2023 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.

Substantial Shareholder's Interests in the Company

As at 30 September 2023, 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 pursuant to Section 336 of the SFO or otherwise notified to the Company were as follows:

Interests in the shares of the Company

Name of shareholders	Capacity/Nature	Nature of interests	Number of shares held ⁽¹⁾	Approximate percentage of interest in the Company's issued share capital*
Leading Virtue	Beneficial owner	Ordinary shares	723,242,000(L) ⁽²⁾	23.27%
Hammer Capital Ventures	Other	Ordinary shares	723,242,000(S) ⁽³⁾	23.27%
Ms. Leung Lisa	Interest of controlled corporation	Ordinary shares	718,804,033(L) ⁽⁴⁾	23.13%
Prosper Rich Investments Limited	Beneficial owner	Ordinary shares	718,804,033(L) ⁽⁴⁾	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 2023 (i.e. 3,107,893,440 shares).



OTHER INFORMATION (CONTINUED)

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES (CONTINUED)

Interests in the shares of the Company (Continued)

Notes:

- (1) The letters “L” and “S” denote the substantial shareholder’s long and short position in the shares of the Company respectively.
- (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 notices of disclosures of interests of Leading Virtue and Mr. Cheung Siu Fai filed with the Stock Exchange on 21 July 2023, 723,242,000 shares of the Company are held by Leading Virtue, a company wholly-owned by Mr. Cheung Siu Fai. As such, Mr. Cheung Siu Fai is deemed to be interested in the shares held by Leading Virtue by virtue of the SFO.
- (3) 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 disclosures of interests of Hammer Capital Ventures and Mr. Cheung Siu Fai filed with the Stock Exchange on 21 July 2023, the short position of 723,242,000 shares of the Company represents the shares lent by Leading Virtue as lender to Hammer Capital Ventures as borrower pursuant to a securities borrowing and lending agreement. Hammer Capital Ventures is wholly-owned by Mr. Cheung Siu Fai. As such, Mr. Cheung Siu Fai is deemed to be interested in the interest held by Hammer Capital Ventures by virtue of the SFO.
- (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 Investments Limited (“**Prosper Rich**”) and Ms. Leung Lisa filed with the Stock Exchange on 20 June 2022, 718,804,033 shares of the Company are held by Prosper Rich, a company wholly-owned by Ms. Leung Lisa. 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 2023, 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.

CONNECTED TRANSACTION AND RELATED PARTY TRANSACTIONS

Details of the Group’s related party transactions for the Relevant Period are set out in note 17 to the unaudited condensed consolidated financial statements in this interim report. The transactions disclosed under note 17(a), note 17(c) and (e) are continuing connected transactions fully exempt from the disclosure requirements under Rule 14A.95 and Rule 14A.90 of the Listing Rules respectively and the transaction disclosed under note 17(d) is a de minimis transaction fully exempt from the disclosure requirements under Rule 14A.76 of the Listing Rules.

OTHER INFORMATION (CONTINUED)

CHANGES TO INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

Changes in Directors and chief executive information since the date of approval of the annual report for the year ended 31 March 2023 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:

- Ms. So Tsz Kwan was appointed by Mr. Cheung Siu Fai, the chairman of the Board and the executive Director, as his alternate director for the period from 14 September 2023 to 14 October 2023. Further details of Ms. So Tsz Kwan's appointment are set out in the announcement of the Company dated 14 September 2023.
- Ms. So Tsz Kwan has been appointed as the non-executive Director and Mr. Yeung Wai Lok Raymond has been appointed as the deputy chief executive officer with effect from 25 September 2023. Further details of their appointment are set out in the announcement of the Company dated 25 September 2023.

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

2013 Share Option Scheme

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 “**2013 Share Option Scheme**”).

Chapter 17 of the Listing Rules has been amended to govern both share option schemes and share award schemes with effect from 1 January 2023. To enable the Company to grant options to eligible participants as incentives or rewards for their contributions to the Group and to comply with the new requirements of Chapter 17 of the Listing Rules, the Company proposed to terminate the 2013 Share Option Scheme and adopt a new share option scheme (the “**2023 Share Option Scheme**”) which was approved by the Company's shareholders on 13 September 2023. On 27 September 2023, the Stock Exchange granted the approval for the listing of and the permission to deal in the shares to be allotted and issued by the Company pursuant to the exercise of options in accordance with the terms and conditions of the 2023 Share Option Scheme.

As at 1 April 2023, the number of options available for grant under the 2013 Share Option Scheme was 256,491,120 shares. No share option was granted, exercised, cancelled, lapsed or outstanding under the 2013 Share Option Scheme during the six months ended 30 September 2023 when it was terminated with effect from the adoption of the 2023 Share Option Scheme on 27 September 2023. No further share option could be granted under the 2013 Share Option Scheme after its termination.

OTHER INFORMATION (CONTINUED)

SHARE OPTION (CONTINUED)

2023 Share Option Scheme

In light of the amendments to the Listing Rules relating to share schemes of listed issuers which became effective on 1 January 2023 mentioned above, the 2023 Share Option Scheme was approved by the Company's shareholders at its annual general meeting held on 13 September 2023 and adopted by the Company upon a listing approval from the Stock Exchange on 27 September 2023 in replacement of the 2013 Share Option Scheme. The 2023 Share Option Scheme shall be effective for a period of 10 years from 27 September 2023.

The purpose of the 2023 Share Option Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. A summary of the principal terms of the 2023 Share Option Scheme is set out in the circular of the Company dated 21 July 2023.

As at 30 September 2023, the maximum number of share options available for grant under the 2023 Share Option Scheme and any other share scheme(s) of the Company was 310,789,344 shares, representing 10% of the issued shares of the Company as at the date of this interim report. The service provider sublimit of the 2023 Share Option Scheme and any other share scheme(s) of the Company was 31,078,934 shares as at 30 September 2023. Since the adoption of the 2023 Share Option Scheme and up to 30 September 2023, no share option was granted, exercised, outstanding, cancelled or lapsed under the 2023 Share Option Scheme.

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 2022: 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 (as amended from time to time, the "Code") contained in Appendix 14 to Listing Rules. As far as the Code is concerned, during the six months ended 30 September 2023 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.

The Company has complied with the memorandum of association of the Company, the articles of association of the Company, the Companies Act of the Cayman Islands, the SFO and the Listing Rules as well as other laws applicable to the Company.

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 "**2023/2024 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. 2023/2024 Interim Financial Information and this interim report have 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 2023.

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

