



TYCOON

滿貫集團控股有限公司

Tycoon Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 3390



INTERIM REPORT
2024

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BOARD OF DIRECTORS

Executive Director

Mr. Wong Ka Chun Michael
(Chairman and Chief Executive Officer)

Non-executive Directors

Mr. Cao Weiyong
Ms. Li Ka Wa Helen
Mr. Lau Ka On David
Ms. Liang Yan (appointment effective on
1 September 2024)
Ms. Chong Yah Lien (resignation effective on
1 September 2024)

Independent non-executive Directors

Mr. Chung Siu Wah
Ms. Chan Ka Lai Vanessa
Mr. Mak Chung Hong
(also known as Mak Tommy Chung Hong)

AUDIT COMMITTEE

Ms. Chan Ka Lai Vanessa (Chairwoman)
Mr. Chung Siu Wah
Mr. Mak Chung Hong

REMUNERATION COMMITTEE

Mr. Mak Chung Hong (Chairman)
Mr. Chung Siu Wah
Ms. Chan Ka Lai Vanessa

NOMINATION COMMITTEE

Mr. Chung Siu Wah (Chairman)
Ms. Chan Ka Lai Vanessa
Mr. Mak Chung Hong

CORPORATE GOVERNANCE COMMITTEE

Mr. Wong Ka Chun Michael (Chairman)
Mr. Chung Siu Wah
Mr. Mak Chung Hong

COMPANY SECRETARY

Mr. Cheung Yuk Chuen (CPA, ACCA)

AUTHORISED REPRESENTATIVES

Mr. Wong Ka Chun Michael
Mr. Cheung Yuk Chuen

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 14, 8/F
Wah Wai Centre
38 – 40 Au Pui Wan Street
Shatin, New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

HONG KONG LEGAL ADVISER

LCH Lawyers LLP

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Hang Seng Bank Limited
United Overseas Bank Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation
Limited
DBS Bank (Hong Kong) Limited
Standard Chartered Bank

COMPANY WEBSITE

www.tycoongroup.com.hk

STOCK CODE

3390

Financial Highlights

Six months ended 30 June

	2024 HK\$'000	2023 HK\$'000	Change
Revenue			
– Distribution	335,216	375,147	-10.6%
– Retail store	99,794	15,719	534.9%
– E-commerce	–	275,420	-100.0%
Total	435,010	666,286	-34.7%
Gross profit	107,808	173,128	-37.7%
Gross profit margin (%)	24.8%	26.0%	
Profit attributable to equity holders of the Company	21,009	87,528	-76.0%
Profit margin attributable to equity holders of the Company (%)	4.7%	13.1%	
EBITDA (<i>Note</i>)	42,801	117,749	-63.7%
EBITDA margin (%)	9.8%	17.7%	
Return on equity (%)	3.9%	22.6%	

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000	Change
Total assets	1,012,526	988,951	2.4%
Total liabilities	468,159	445,405	5.1%
Total equity	544,367	543,546	0.2%

Note:

EBITDA is a non-HKFRS measure used by the management for monitoring the core business performance of the Group. EBITDA is calculated based on profit for the period (1H2024: HK\$21,119,000; 1H2023: HK\$87,047,000) before interest (1H2024: HK\$10,264,000; 1H2023: HK\$11,806,000), tax expense (1H2024: HK\$3,100,000; 1H2023: HK\$9,467,000), depreciation and amortisation (1H2024: HK\$8,318,000; 1H2023: HK\$9,429,000), where “interest” is regarded as including finance income and finance costs.

Non-GAAP measures

Certain non-GAAP (generally accepted accounting principles) measures, such as EBITDA, are used for assessing the Group’s performance. These non-GAAP measures are not expressly permitted measures under GAAP in Hong Kong and may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP measures should not be considered as an alternative to operating income as an indicator of the operating performance of the Group or as an alternative to cash flows from operating activities as a measure of liquidity. The use of non-GAAP measures is provided solely to enhance the overall understanding of the Group’s current financial performance. Additionally because the Group has historically reported certain non-GAAP results to investors, the Group considers the inclusion of non-GAAP measures provides consistency in its financial reporting.



Management Discussion and Analysis



The board (“**Board**”) of directors (“**Directors**”) of Tycoon Group Holdings Limited (“**Company**” or “**Tycoon**”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**” or “**Tycoon Group**”) for the six months ended 30 June 2024 (“**Period**” or “**1H2024**”), together with the comparative figures for the corresponding period in 2023 (“**Last Period**” or “**1H2023**”).

Tycoon Group is a reputable omnichannel marketing and management service integrator of healthcare and wellbeing-related products in Hong Kong. The Group specialises in providing one-stop services for Proprietary Chinese Medicine (“**PCM**”) and health supplement products, including brand agent, marketing, management, distribution, and sales. Through years of efforts, the Group has established a strong online and offline sales network in Hong Kong, Macau, the People’s Republic of China (the “**PRC**” or “**Mainland China**”), and Southeast Asia. The Group has provided over 200 local and overseas brands, and over 1,500 products to consumers and developed several popular and quality self-owned brands. As one of the market leaders, the Group has diversified its business to maintain competitive advantages in the market. The Group strives to bring reputable and quality products to consumers through its online and offline dual-channel business model.

MARKET REVIEW

In recent years, the Hong Kong government has been actively promoting economic growth, and the number of visitor arrivals to Hong Kong has recorded a significant increase. According to the Hong Kong Tourism Board, the number of visitor arrivals to Hong Kong in the first five months of 2024 was approximately 18 million, a significant increase of 78% compared to the same period last year. Among them, Mainland China remained the largest source of visitors to Hong Kong. However, the three-year pandemic has changed the travel patterns of Individual Visit Scheme travellers, resulting in visitor spending falling far short of expectations and slowing down the recovery of the retail industry. An analysis report released by the Hong Kong Tourism Board in March this year showed that Mainland China visitors to Hong Kong are no longer primarily focused on shopping and may not stay overnight, resulting in a sharp decline in per capita spending by visitors to Hong Kong to HK\$1,300, a significant drop of over 40% compared to HK\$2,200 in 2018.

The Group mainly distributes and sells health supplements and PCM products. According to data from the Census and Statistics Department, the total retail sales value for the first six months of 2024 for the Chinese medicine category decreased by 15.9% compared to the same period last year. The Group’s local distribution business was also affected by the reduction in spending by visitors to Hong Kong. The Group has been closely monitoring market conditions and adjusting its strategies to cope with the unfavourable operating environment.

BUSINESS REVIEW

The Group mainly operates two major operating segments, namely distribution business and retail store business. The distribution business of the Group mainly comprises the distribution of consumer products to sizable chain retailers, non-chain retailers (mainly pharmacies) and traders in Hong Kong, Macau, Mainland China and Southeast Asia. The retail store business of the Group includes sales of products through its brick-and-mortar retail store. In addition, the Group provides omnichannel brand marketing and management services for the brands it represents.

During the financial year ended 31 December 2023, the Group has completed two transactions: (1) the acquisition of additional equity interest in Hong Ning Hong Limited (“**HNH**”). In May 2023, whereby after the acquisition, HNH became a subsidiary of the Company. Upon completion of such acquisition, its performance has been consolidated into the financial results of the Group. HNH and its subsidiary are principally engaged in the retail (through one retail outlet) and wholesale of pharmaceutical products and proprietary medicines in Hong Kong; and (2) the disposal of 51% of the issued shares of Combo Win Asia Limited (“**CWA**”) in September 2023, whereby each of CWA and its subsidiaries ceased to be a subsidiary of the Company and their financial results were no longer consolidated into the Group’s financial statements since 1 October 2023. CWA and its subsidiaries are principally engaged in e-commerce business and distribution business of healthcare and wellbeing related products in the PRC. As such, the following business review and the related management discussion and analysis should be read against such background.

During the Period, the Group recorded revenue of approximately HK\$435.0 million, a decrease of 34.7% from the Last Period of HK\$666.3 million. The Group’s net profit decreased significantly by 75.7% to HK\$21.1 million (1H2023: HK\$87.0 million). The main reasons for the decrease in net profit were the absence of recognition of fair value gain on financial assets at fair value through profit or loss of approximately HK\$19.1 million and gain on disposal of a joint venture of approximately HK\$10.0 million, both recognised in the first half of 2023, as well as a general decline in operating net profit. The reasons for the decline in operating net profit include: (i) a decrease in revenue due to weak retail market conditions in Hong Kong and Macau; (ii) an increase in the cost of goods and raw materials, but the Group did not pass on all the increased costs to consumers due to market strategy considerations; and (iii) additional expenses incurred from increased market promotion for self-owned brands.

In the first half of 2024, Hong Kong’s market recovery was slower than expected, resulting in a decline in the Group’s Hong Kong distribution sales to HK\$258.6 million, a year-on-year decrease of 9.4%. However, this performance was still better than the decrease in retail sales value (Chinese medicine category) of 15.9% reported by the Census and Statistics Department for the same period. The Macau distribution sales amounted to HK\$45.2 million, a year-on-year decrease of 24.8%. Fortunately, the Group has invested heavily in recent years to expand the Southeast Asian market, with distribution sales in Southeast Asia maintaining growth during the period, achieving a period over period increase of 27.7%.

The Group remains confident in the Hong Kong market and is keen to widen its sales channels to offline retail shops. In May 2023, the Group increased its shareholding in HNH to 61%. HNH became a subsidiary of the Group, and its performance is consolidated into the financial results of the Group (the “**Accounting Effect of HNH Acquisition**”). In March 2024, the Group further increased its shareholding in HNH from 61% to 70%. The operating subsidiary company of HNH is principally engaged in the retail and wholesale of pharmaceutical products and proprietary medicines in Hong Kong. During the Period, the Group’s Hong Kong retail store business revenue was HK\$99.8 million.

Upon completion of the disposal of CWA as described above, the results of the e-commerce business segment are accounted for using the equity method at 49%. During the Period, its share of results of investments accounted for using the equity method was HK\$3.6 million.

Omnichannel brand marketing and management services for brands

During the Period, the Group continued to provide omnichannel marketing and management services for the brands it represents, including brand agent, promotion and marketing, management, distribution and sales. By providing one-stop services for brands, the Group upgrades its business chain and diversifies its product portfolio and businesses, helping to increase the Group’s market share and gross profit margin.

The Group represents numerous overseas brands, including the exclusive distribution rights in Hong Kong and Macau for one of the global best-selling probiotic brands, Culturelle®, as well as the Japanese anti-hair loss and hair protection brand, Kaminowa, and leading French baby washing care brand, Biolane. For Biolane, the Group also has exclusive distribution rights in Hong Kong, Singapore and Malaysia.

During the Period, the Group also obtained the exclusive distribution rights in Singapore and Malaysia for PNKids, a leading Singaporean kid’s multivitamin brand, and the distribution rights for the popular Korean body care brand, plu, in Hong Kong, Macau, Singapore and Malaysia. In Hong Kong, the Group also represents well-known Mainland Chinese brands such as “Dong-E-E-Jiao” (東阿阿膠) and “Taiji Huoxiang Zhengqi Oral Liquid” (太極牌藿香正氣口服液), hoping to help more renowned Mainland Chinese brands enter the Hong Kong and Southeast Asian markets in the future.

To align with market and sales strategies, the Group collaborated with famous artists Mr. Kenny Wong and Ms. Kay Tse, who successively became the Hong Kong brand ambassadors for the Japanese anti-hair loss and hair protection brand Kaminowa. This has brought good reputation to the brand and also demonstrated the Group’s achievements in omnichannel marketing and management services.

Active own-brand development

In addition to its brand agency business, the Group continues to actively develop its own brand products. Popular brands under the Group include “Boost & Guard Pro” (BG Pro 博健專研), “Craft by Wakan” (和漢匠心), and “Kinmen Qiangxiao” (金門強效). Currently, more than 50 trademarks for self-owned brand products have been registered. Hot-selling products include “Craft by Wakan Japan Probiotics”, “BG Pro Immunoglobulin Capsules”, “BG Pro Ultra Purity Deep Sea Fish Oil”, and “Kinmen Qiangxiao I-Tiao-Gung Plaster”, among others.



In the second half of the year, the Group will successively launch multiple new products in different categories, including upgraded versions of best-selling products, such as the new “Craft by Wakan Japan SlimPro” with added slimming formula, “BG Pro Brain Booster”, “Kinmen Qiangxiao I-Tiao-Gung Pain Relief Penetrating Liquid”, and “Kinmen Qiangxiao I-Tiao-Gung Pain Relief Roller Cream”. The Group is also actively cooperating with two large local personal care product chain stores to launch new products that closely meet market demands and establish a comprehensive sales channel network.

The Group has also fully leveraged its marketing and brand management capabilities in promoting its own brands. The health supplement market is highly competitive, requiring extensive advertising to attract consumers. Our marketing team has rich experience and is innovative, tailoring targeted promotions for different products. In addition to traditional television and outdoor advertising, we have increased promotional efforts on social media platforms such as Xiaohongshu, achieving remarkable results. The Group has also invited famous artists as brand ambassadors, including celebrity Ms. Lin Min Chen as the spokesperson for the star products “Craft by Wakan Japan Probiotics” and “Craft by Wakan Japan SlimPro”, as well as renowned artist Mr. Louis Cheung as the ambassador for the best-selling brand “Kinmen Qiangxiao”.

Furthermore, to support the Group’s strategy of strengthening the development of its own brands, Mr. Wong Ka Chun Michael, the Chairman, Executive Director and Chief Executive Officer of the Group, personally acquired Po Wo Tong, a century-old Hong Kong brand. Po Wo Tong is collaborating with the Group to launch and sell more new products, revitalising and diversifying this century-old brand while strengthening the Group’s collaborative brand product projects. The Group will continue to invest more resources in its own brands with higher gross profit margins, and will develop and launch more of its own brands and different products to cater for the needs and preferences of Mainland China visitors travelling under the Individual Visit Scheme, as well as the new trends in the overall PCM and health supplement products market.

Expanding international presence and tapping into the Southeast Asian market

In order to build a diversified sourcing network and enrich its product portfolio, the Group has been strengthening its overseas presence, and has established sourcing centres in Japan, South Korea, Singapore, Malaysia, Thailand, Vietnam, Indonesia, Cambodia, Macau, Australia and France, diversifying and internationalising the Group’s product portfolio.

In terms of business development in Southeast Asia, the Group believes that its presence in Southeast Asia will benefit the Group in the future, based on its rich experience and insights. Therefore, it established companies in Singapore and Malaysia even before listing. In 2022, the Group obtained the exclusive distribution rights for TJ-TYT Pharmaceuticals (M) Sdn. Bhd. (which is principally engaged in, among other things, the production and wholesale of PCM, health supplements, and healthcare products in Malaysia), thereby expanding sales network and increasing its customer base, which helps to expand its sales business in Singapore and Malaysia.

The Group will invest more resources in the Southeast Asian market and apply Hong Kong's successful distribution model to its distribution business in Singapore and Malaysia, establishing partnerships with several large personal care product chain stores in Malaysia and Singapore to distribute products. Among them, Guardian, which is equivalent to Mannings in Hong Kong, has its headquarters in Hong Kong and has maintained a friendly cooperative relationship with the Group, which is beneficial for the Group to expand its sales channels to Southeast Asia. At the same time, in addition to strengthening sales in Singapore and Malaysia, the Group will also actively deploy sales operations in other Southeast Asian countries where it has established footholds, including Thailand, Vietnam, and Cambodia, to comprehensively expand in the Southeast Asian healthcare market. It is expected that the Southeast Asian market will become another major profit contributor for the Group in the future.

Currently, many internationally renowned brand owners have expressed interest in cooperating with the Group to introduce their brands to Southeast Asia. This includes Culturelle®, one of the global best-selling probiotic brands that has been cooperating with the Group for many years. It is expected that in the fourth quarter of 2024, the Group will become the exclusive distributor for Culturelle® in Singapore.

On the other hand, leveraging the Group's rich experience, mature distribution channels, and logistics chain advantages, the Group will, depending on market conditions, promote its own brands in the Southeast Asian region in the future to explore new business opportunities.

In the first half of 2024, Singapore's distribution sales reached HK\$28.0 million, an increase of 30.4% compared to HK\$21.5 million in the same period last year. The Southeast Asian distribution sales achieved a satisfactory increase during the Period, with a year-on-year growth of 27.7%. It is expected that the growth momentum will continue in the second half of 2024 with more new agency agreements being implemented and new products being launched.

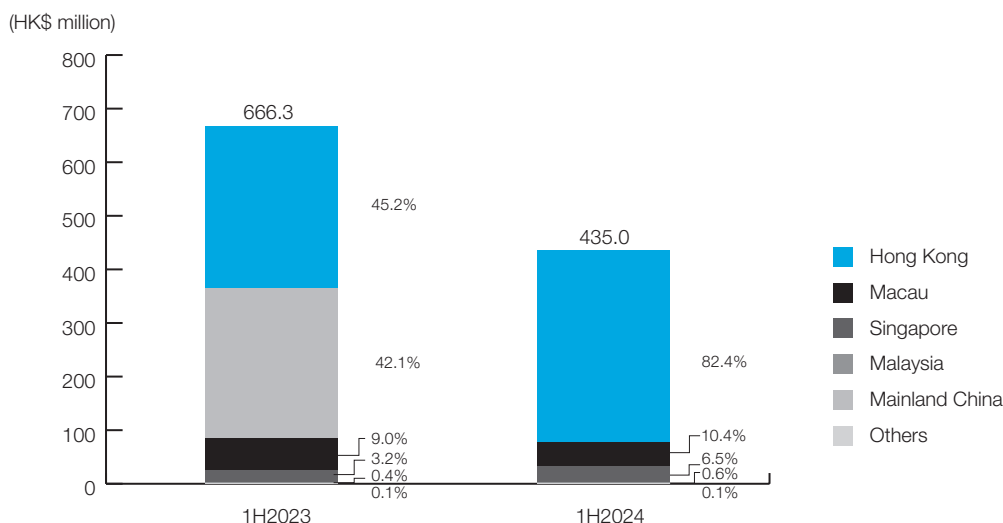
FUTURE OUTLOOK

In the second half of 2024, the Group will continue to strive forward, assessing the situation and keeping pace with the times in an ever-changing operating environment, always maintaining adaptability and adjusting strategies according to market conditions. The Group will continue to focus its resources on self-owned brand products with higher profit margins, strengthen the development of the Southeast Asian market, especially the Singapore and Malaysian markets, and expand its international business. With these multi-pronged approaches, it is believed that future revenue will further increase.

Southeast Asia covers 11 countries, comprising Vietnam, the Philippines, Malaysia, Singapore, Myanmar, Thailand, Cambodia, Laos, Brunei, Indonesia, and East Timor. These countries are geographically close to each other and share similar languages and cultures. The post-pandemic economic recovery speed in Southeast Asia has shocked the world. Moreover, with its large market and significant Chinese population in addition to the local population, there is a strong demand for reputable health products and PCM. With the local and overseas sales experience and networks accumulated by the Group, along with long-standing partnerships with major chain stores, the Group can achieve more with less effort in terms of resource allocation and networking. Currently, several best-selling brands have successively signed Southeast Asian agency rights with the Group. Combined with the Group's own brand products, it is believed that Southeast Asia will become a profit growth engine of the Group.

FINANCIAL REVIEW

Revenue



Geographical markets	Revenue		Change
	1H2024 HK\$ million	1H2023 HK\$ million	
Hong Kong	358.4	301.0	▲19.1%
Macau	45.2	60.1	▼24.8%
Singapore	28.0	21.5	▲30.4%
Malaysia	2.8	2.7	▲5.7%
Mainland China	–	280.3	▼100.0%
Others	0.6	0.7	▼21.3%
Total	435.0	666.3	▼34.7%

- The Group's total revenue for the Period was HK\$435.0 million (1H2023: HK\$666.3 million).
- In Hong Kong, revenue for the Period increased by 19.1% to HK\$358.4 million (1H2023: HK\$301.0 million) as a result of the Accounting Effect of HNH Acquisition. In Macau, revenue for the Period decreased by 24.8% to HK\$45.2 million (1H2023: HK\$60.1 million). It is in line with the sluggish performance of the retail sector during the Period which was mainly due to the changes in the consumption patterns of visitors and residents as well as the strength of the Hong Kong dollar. Furthermore, the relatively high base of comparison, attributable by buoyant consumer sentiment supported by the return to normalcy after the COVID-19 pandemic was also relevant.
- In Singapore and Malaysia, revenue for the Period increased by 27.7% to HK\$30.8 million (1H2023: HK\$24.2 million) as a result of continuous efforts in the development and expansion of sales in the region.
- Regarding the revenue from Mainland China, due to the completion of the disposal of 51% stake in CWA on 30 September 2023, the revenue derived from CWA and its subsidiaries was not consolidated into the Group since October 2023.

Profitability

The gross profit of the Group decreased by 37.7% to HK\$107.8 million for the Period as compared to that of HK\$173.1 million for the Last Period, and the gross profit margin decreased by 1.2 percentage points to 24.8%. Decrease in gross profit and gross profit margin was mainly due to (i) a decrease in revenue due to weak retail market conditions in Hong Kong and Macau; and (ii) an increase in the cost of goods and raw materials, but the Group did not pass on all the increased costs to consumers due to market strategy considerations.

Selling and distribution expenses of the Group for the Period decreased by 19.2% to HK\$44.5 million, as compared to HK\$55.0 million for the Last Period due to the disposal of 51% stake in CWA that the relevant expenses were no longer consolidated into the Group since October 2023 (the “**Accounting Effect of CWA 51% Disposal**”).

General and administrative expenses of the Group for the Period decreased by 23.0% to HK\$33.9 million, as compared to HK\$44.0 million for the Last Period principally due to the Accounting Effect of CWA 51% Disposal.

Finance costs of the Group for the Period decreased by 14.0% to HK\$10.3 million, as compared to HK\$11.9 million for the Last Period principally due to the Accounting Effect of CWA 51% Disposal.

As a result of the Accounting Effect of CWA 51% Disposal, since October 2023, the operating profit derived from CWA has been taken up by the Group by 49% under the line of “Share of results of investments accounted for using the equity method”, the relevant profit amounted to HK\$3.6 million for the Period.

Other gains, net

Other gains, net, of the Group for the Period was HK\$1.5 million (1H2023: HK\$32.2 million). The decrease was mainly due to the absence of the fair value gain on financial assets at fair value through profit or loss of HK\$19.1 million and the gain on disposal of a joint venture of HK\$10.0 million, both recognised in 1H2023.

Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company (“**Shareholders**”) for the Period was HK\$21.0 million as compared to HK\$87.5 million for the Last Period. The main reasons for the decrease in net profit were the absence of recognition of fair value gain on financial assets at fair value through profit or loss of approximately HK\$19.1 million and gain on disposal of a joint venture of HK\$10.0 million, both recognised in the first half of 2023, as well as a general decline in operating net profit. The reasons for the decline in operating net profit include: (i) a decrease in revenue due to weak retail market conditions in Hong Kong and Macau; (ii) an increase in the cost of goods and raw materials, but the Group did not pass on all the increased costs to consumers due to market strategy considerations; and (iii) additional expenses incurred from increased market promotion for self-owned brands.

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Group has funded the liquidity and capital requirements primarily through bank borrowings, loan from a shareholder and cash generated from the operating activities.



As at 30 June 2024, the Group had cash and cash equivalents of approximately HK\$45.3 million (31 December 2023: HK\$39.1 million) which were mainly denominated in Hong Kong dollars and Chinese Renminbi. The gearing ratio (defined as net debt divided by total equity plus net debt, where net debt includes interest-bearing bank borrowings, loan from a shareholder, lease liabilities less cash and cash equivalents) of the Group as at 30 June 2024 was 28.6% (31 December 2023: 23.8%). The increase was mainly due to the percentage of increment of net debt is higher than the percentage of increment of total equity during the Period.

CAPITAL STRUCTURE

As at 30 June 2024, the borrowings included secured interest-bearing bank borrowings of approximately HK\$161.6 million (31 December 2023: HK\$100.0 million), unsecured interest-bearing bank borrowings of approximately HK\$39.0 million (31 December 2023: HK\$39.0 million) and loan from a shareholder with maturity date on 30 September 2024 of approximately HK\$50.0 million (31 December 2023: HK\$50.0 million). Except for the Group's interest-bearing bank borrowings of HK\$8.2 million (31 December 2023: HK\$8.4 million) which was denominated in MOP, the Group's interest-bearing bank borrowings are all denominated in Hong Kong dollars. All borrowings are at floating rates.

Maturity analysis of bank borrowings of the Group as at 30 June 2024 and 31 December 2023 is as follows:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Within one year	192,925	131,083
In the second year	476	469
In the third to fifth years, inclusive	1,529	1,506
Beyond five years	5,696	5,970
	200,626	139,028

As at 30 June 2024, the Company's issued share capital was HK\$8.0 million and the number of its issued ordinary shares was 800,000,000 of HK\$0.01 each.

The purpose of the treasury policy is to safeguard the Group's financial assets and minimise the liquidity risk and interest rate risk and ensure the Group has sufficient liquidity and sources of funding to meet its current and future obligations.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Group's reporting currency is Hong Kong dollars. The Group is exposed to currency risk primarily through sales and purchases, which give rise to receivables, payables and cash balances that are denominated in a foreign currency. The currency giving rise to this risk is primarily Chinese Renminbi. During the Period, the Group did not use any derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business. The Group's management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

PLEDGE OF ASSETS

As at 30 June 2024, (i) certain of the Group's leasehold land and buildings with a net carrying amount of approximately HK\$32.3 million (31 December 2023: HK\$33.4 million) were pledged to secure certain bank loans granted to the Group; and (ii) all the Group's equity interest in HNH were pledged to secure a loan from a shareholder granted to the Group.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 30 March 2020 ("**Prospectus**") and this report, the Group does not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Acquisition of 12% and 9% Equity Interest in HNH

On 28 April 2023, an indirect wholly-owned subsidiary of the Company as purchaser ("**Purchaser**"), entered into a sale and purchase agreement with an indirect wholly-owned subsidiary of Jacobson Pharma Corporation Limited (HKEX Stock Code: 2633.HK) as seller ("**Seller**"), pursuant to which the Purchaser has agreed to purchase, and the Seller has agreed to sell 12% of the issued shares of HNH, a company then owned as to 49% by the Purchaser, for an aggregate consideration of HK\$9,120,000. Completion of such acquisition took place on 31 May 2023, whereby HNH and its operating subsidiary became partially (61%) owned subsidiaries of the Company. For details, please refer to the announcement of the Company dated 28 April 2023.

In connection with the abovementioned acquisition, the parties also entered into a put option deed and a call option deed. Pursuant to the call option deed, the Seller has granted to the Purchaser a call option, the exercise of which shall require the Seller to sell all or any of the option shares to the Purchaser at the option price. The maximum number of the option shares is 90,000 issued shares of HNH, which represents 9% of its issued share capital.

Pursuant to the put option deed, the Purchaser has granted to the Seller a put option, the exercise of which shall require the Purchaser to purchase all or any of the option shares from the Seller at the option price. The maximum number of the option shares is 90,000 issued shares of HNH, which represents 9% of the issued share capital of HNH.

Subsequently on 28 March 2024, the Purchaser and the Seller further entered into another sale and purchase agreement pursuant to which the Seller further sold 9% of the issued shares of HNH to the Purchaser for an aggregate consideration of HK\$6,840,000 and completed the transaction on the same day so that the Group's equity interest in HNH and its operating subsidiary increased from 61% to 70%. In consideration of the parties agreeing to enter into and perform such sale and purchase agreement, the Purchaser and the Seller agreed to terminate the call option deed and the put option deed and to release and discharge each other party from their respective obligations thereunder with effect from 28 March 2024.



Disposal of 51% interest in CWA

On 7 July 2023, Dynasty Garden Limited (“**Vendor**”), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with the purchaser (“**SP Agreement**”), Evolution Capital Fund (“**Purchaser**”), to dispose of 51% of the issued shares of CWA (“**Sale Shares**”) at an aggregate consideration of HK\$130,000,000 (“**Disposal**”). The completion of the Disposal took place on 30 September 2023. Upon completion, each of CWA and its subsidiaries (“**Target Group**”) ceased to be a subsidiary of the Company and their financial results were not consolidated into the Group’s financial statements but the Vendor would continue to hold 49% equity interest in the Target Group.

Pursuant to the SP Agreement, the Vendor has granted the Purchaser a put option, pursuant to which the Purchaser is entitled to, subject to completion of the Disposal, sell at its discretion all (and not part) of the Sale Shares held by it to the Vendor and/or other party(ies) procured by the Vendor upon the occurrence of the put option triggering events, among others, the Target Group failing to meet any of the performance targets.

In order to avoid unnecessary disruption to the operations of CWA, certain transitional financial assistances are expected to continue to exist for a certain period after the completion of the Disposal and such arrangement therefore, constituted provision of financial assistance by the Group to the Target Group (“**Provision of Financial Assistance**”) under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”). As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of each of the Disposal and the Provision of Financial Assistance was more than 25% but less than 75%, each of the Disposal and the Provision of Financial Assistance constituted a major transaction of the Company under the Listing Rules and was subject to the notification, announcement and shareholders’ approval requirements under the Listing Rules. Each of the Disposal and the Provision of Financial Assistance was approved by way of a written Shareholder’s approval by Tycoon Empire Investment Limited, which as at the date of such approval held approximately 56.01% of the issued shares of the Company, pursuant to Rule 14.44 of the Listing Rules.

For details, please refer to the announcements of the Company dated 7 July 2023, 27 July 2023 and 3 October 2023 and the circular of the Company dated 26 October 2023.

The Group did not have any material acquisitions and disposals of subsidiaries and associated companies during the Period.

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

Reference is made to the circular of the Company dated 26 October 2023 in relation to the disposal of 51% interest in CWA (“**Major Disposal Circular**”). As disclosed in the Major Disposal Circular, the Provision of Financial Assistance (as defined in the Major Disposal Circular) to the Target Group would continue for a period of time as a transitional arrangement after completion of the Disposal. Such arrangement, apart from amounting to a major transaction of the Company, would also constitute advance to an entity under Rule 13.13 of the Listing Rules and provision of guarantee to affiliated companies of the Company under Rule 13.16 of the Listing Rules.

The completion of the Disposal took place on 30 September 2023.

As disclosed in the Major Disposal Circular, as at 30 June 2023, the maximum amount of the Provision of Financial Assistance (comprising the total amount of the Relevant Banking Facilities which could be drawn down by the Target Group and guaranteed by the Company and the Relevant Inter-Company Balance of non-trade nature) amounted to HK\$389.5 million.

As at 30 June 2024, the maximum amount of the Provision of Financial Assistance was HK\$371.1 million.

As at 30 June 2024, approximately HK\$160.1 million of the Relevant Banking Facilities were utilised by the Target Group and secured by guarantees of the Company. Certain of the Group’s property, plant and equipment were pledged to secure bank loans of HK\$32.3 million granted to the Target Group. The interest rate of the Relevant Banking Facilities is ranging from Prime-1.25% to HIBOR+3.25% and the repayment term is ranging from 90 days to 1 year after utilisation. Such Relevant Banking Facilities were provided by licensed banks in Hong Kong and were secured by corporate guarantees provided by the Company, charges over three properties held by a member of the Group, and other non-current assets held by a member of the Target Group.

The Relevant Inter-Company Balance was interest free and repayable on demand.

SIGNIFICANT INVESTMENT HELD

As of 30 June 2024, the Group's investment in JBM (Healthcare) Limited ("**JBM**", HKEX Stock Code: 2161. HK) was regarded as a significant investment of the Group as the value of the Group's investment in JBM amounted to 5% or more of the Group's total assets. Details of the Group's investment in JBM are as follows:

- | | | |
|-------|--|---|
| (i) | Details of the investment in JBM: | 52,500,000 ordinary shares in JBM, representing 6.3% equity interests in JBM. The cost of the Group's investment in JBM is HK\$52.3 million. |
| (ii) | Fair value of the investment in JBM as at 30 June 2024: | HK\$55.1 million |
| (iii) | The investment's size relative to the Group's total assets as at 30 June 2024: | 5.4% |
| (iv) | The performance of the investment in JBM: | No change of fair value on financial assets at fair value through profit or loss for the six months ended 30 June 2024. |
| | | A final dividend of HK4.05 cents per share for the year ended 31 March 2024 was declared and approved by JBM. |
| (v) | Principal activity of JBM and its subsidiaries: | The principal activity of JBM is investment holding. The subsidiaries of JBM are principally engaged in manufacturing and trading of branded medicines, health and wellness products and PCM. |
| (vi) | Future prospects of JBM: | JBM has a compelling product portfolio consisting of leading brands and science-based technology. COVID-19 intensified health awareness and consumer urgency to proactively manage well-being, along with aging populations, sedentary lifestyles and growing health consciousness amid rising living standards, fueling the growth momentum of the consumer healthcare market. Meanwhile, with the favorable policy support for the development of PCM in the Greater Bay Area, as a prominent player in the PCM and concentrated Chinese medicine Granules market in Hong Kong, JBM is well-positioned to capitalise on the potential of the thriving market, which boasts a substantial population of over 70 million in the Greater Bay Area. |
| (vii) | The Group's investment strategy: | Long term and strategic investment on business partner. |

Save for those disclosed above, the Group did not hold any significant investments during the Period.

CAPITAL COMMITMENT

As at 30 June 2024, the Group had no material capital commitment (31 December 2023: Nil).

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no material contingent liabilities (31 December 2023: Nil).

UPDATE ON THE PRE-IPO SHAREHOLDERS AGREEMENT

Reference is made to the Prospectus and the announcement of the Company dated 18 June 2021.

As set out in the section headed “Pre-IPO Investments” in the Prospectus, the Company, the controlling shareholders of the Company (“**Controlling Shareholders**”) and the pre-IPO investors entered into a shareholders’ agreement on 19 February 2019 (“**Pre-IPO Shareholders Agreement**”).

Under the Pre-IPO Shareholders Agreement, China Resources Pharmaceutical Retail Group Limited (“**CR Pharma Retail**”), being one of the pre-IPO investors, was granted certain special rights by the Controlling Shareholders, which have survived after listing of the shares (“**Shares**”) of the Company on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (“**Global Offering**”). Such rights included, without limitation, the right to receive compensation from the Controlling Shareholders in the event that the aggregated sum of the audited consolidated net profit of the Company for the two financial years ended 31 December 2020 (excluding certain expenses) is less than HK\$274.0 million (“**Target Profit**”).

Given that the Target Profit was not met, the Controlling Shareholders had approached CR Pharma Retail to liaise for amendment of certain terms of the Pre-IPO Shareholders Agreement. On 18 June 2021, the Company, the Controlling Shareholders, Pre-IPO Investor A and Pre-IPO Investor B entered into a modification deed to amend the Pre-IPO Shareholders Agreement (“**Amended Pre-IPO Shareholders Agreement**”). Pursuant to the Amended Pre-IPO Shareholders Agreement, certain special rights granted to Pre-IPO Investor A by the Controlling Shareholders were amended such as (i) the profit guarantee period is extended to 31 December 2023; and (ii) the Target Profit is still HK\$274.0 million but covering the five financial years ended 31 December 2023.

For details of the Amended Pre-IPO Shareholders Agreement, please refer to the announcement of the Company dated 18 June 2021.

The aggregated sum of the audited net profit of the Company for the five financial years ended 31 December 2023 has exceeded the Target Profit and thus the profit guarantee under the Amended Pre-IPO Shareholders Agreement undertaken by the Controlling Shareholder in favour of CR Pharma Retail has been met. The Share Charge was accordingly released in July 2024 (as more particularly described in the paragraph headed “Pledge of Shares by Controlling Shareholder” below).

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

200,000,000 ordinary shares of the Company were previously charged by Tycoon Empire Investment Limited (“**Tycoon Empire**”), the Controlling Shareholder, in favour of CR Pharma Retail, a wholly-owned subsidiary of China Resources Pharmaceutical Group Limited (“**CR Pharma**”, HKEX Stock Code: 3320.HK) (“**Share Charge**”) as security for the performance by Tycoon Empire and Mr. Wong Ka Chun Michael of their obligations under the Amended Pre-IPO Shareholders Agreement.

For details of the Share Charge, please refer to “Pre-IPO Investments” in the Prospectus and the announcement of the Company dated 18 June 2021.

As disclosed above, given that the aggregated sum of the audited net profit of the Company for the five financial years ended 31 December 2023 has exceeded the Target Profit, the Share Charge in respect of the 200,000,000 shares of the Company was released in July 2024.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group employed a total of 250 employees (30 June 2023: 208). During the Period, the total staff costs incurred was approximately HK\$31.5 million (Last Period: HK\$30.9 million). The Group’s remuneration policy is based on position, duties and performance of the employees. Employees’ remuneration varies according to their positions, which may include salary, overtime allowance, bonus and subsidies. The performance appraisal cycle varies according to the positions of employees. In order to provide incentives to and to recognise the contributions of employees of the Group, the Group has also adopted a share award scheme and a share option scheme.

DIVIDEND

The Board does not recommend the payment of any interim dividend for the Period (Last Period: HK3.5 cents).

EVENTS AFTER THE REPORTING PERIOD

Change of Director

Ms. Chong Yah Lien tendered her resignation as a non-executive Director on 31 July 2024 and such resignation will take effect on 1 September 2024. On 30 August 2024, the Board has resolved to appoint Ms. Liang Yan as a non-executive Director with effect from 1 September 2024.

Save as disclosed, there has been no significant event affecting the Group after the Period and up to the date of this report.

Corporate Governance and Other Information

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix C1 to the Listing Rules.

To the best of the knowledge of the Board, the Company has fully complied with the requirements under the CG Code during the Period, except for the deviation from code provision C.2.1 of the CG Code.

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The roles of the chairman and the chief executive officer of the Group is not separated and are performed by the same individual, Mr. Wong Ka Chun Michael, who has been responsible for overall strategic planning and management of the Group since the Group was founded and has extensive knowledge and experience in the healthcare and personal care products industry. The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Group and believe that this structure will enable the Group to make and implement decisions promptly and efficiently.

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

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury share). As at 30 June 2024, the Company did not hold any treasury shares.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions of the Company by the Directors (“**Securities Dealing Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix C3 to the Listing Rules. Having made specific enquiries with the Directors, all the Directors confirmed that they had complied with the Securities Dealing Code during the Period.

CHANGES IN INFORMATION OF DIRECTORS

The changes in information of the Directors during the Period and up to the date of this Interim Report, which are required to be disclosed under Rule 13.51B(1) of the Listing Rules are set out below:

- Ms. Chan Ka Lai Vanessa (independent non-executive Director) has been appointed as an independent non-executive director of Hollwin Urban Operation Service Group Co., Ltd (listed on the Main Board of the Stock Exchange on 17 May 2024 with stock code: 2529.HK).

- Since July 2024, Mr. Chung Siu Wah (independent non-executive Director) has changed his employment to director and chief investment officer of Alpha Astra Asset Management Limited, a company principally engaged in providing financial investment services.

Please refer to the section headed “Events after the reporting period – Change of Director” in this report for details of the change of Director after the reporting period.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (“SFO”), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Interests in the Shares or underlying Shares of the Company

Name of director	Capacity/Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding
Wong Ka Chun Michael ^{(2), (3)}	Interest in controlled corporation	448,096,326 (L)	56.01%
		200,000,000 (S)	25.00%

Notes:

- (1) The letter “L” denotes the Director’s long position in such Shares and the letter “S” denotes the Director’s short position in such Shares.
- (2) The 448,096,326 Shares and the short position in the 200,000,000 Shares are registered in the name of Tycoon Empire, a company wholly owned by Mr. Wong Ka Chun Michael. By virtue of the provisions of Part XV of the SFO, Mr. Wong Ka Chun Michael is deemed to be interested in all the Shares held by Tycoon Empire.
- (3) The 200,000,000 Shares are charged by Tycoon Empire in favour of CR Pharma. For details, please refer to the Prospectus and the announcement of the Company dated 18 June 2021.

(ii) Interests in shares of the associated corporation of the Company

Name of director	Name of associated corporation	Capacity/ Nature of Interest	Number of Shares⁽¹⁾	Approximate percentage of shareholding
Wong Ka Chun Michael ⁽²⁾	Tycoon Empire	Beneficial owner	1(L)	100%

Notes:

- (1) The letter "L" denotes the Director's long position in such share.
- (2) Mr. Wong Ka Chun Michael directly owns 100% of the issued share capital of Tycoon Empire.

Save as disclosed above, as at 30 June 2024, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.



SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2024, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) and entities had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity/Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding
Tycoon Empire ⁽²⁾	Beneficial owner	448,096,326(L)	56.01%
		200,000,000(S)	25.00%
Ngai Sze Kei ^{(2), (3)}	Interest of spouse	448,096,326(L)	56.01%
		200,000,000(S)	25.00%
CR Pharma Retail ⁽²⁾	Beneficial owner	151,895,000(L)	18.99%
	Person having a security interest in shares	200,000,000(L)	25.00%
CR Pharma ⁽⁴⁾	Interest in controlled corporation	351,895,000(L)	43.99%
CRH (Pharmaceutical) Limited ⁽⁴⁾	Interest in controlled corporation	351,895,000(L)	43.99%
China Resources (Holdings) Company Limited ⁽⁴⁾	Interest in controlled corporation	351,895,000(L)	43.99%
CRC Bluesky Limited ⁽⁴⁾	Interest in controlled corporation	351,895,000(L)	43.99%
China Resources Inc. ⁽⁴⁾	Interest in controlled corporation	351,895,000(L)	43.99%
China Resources Company Limited ⁽⁴⁾	Interest in controlled corporation	351,895,000(L)	43.99%
Jacobson Group Treasury Limited ⁽⁵⁾	Beneficial owner	56,590,000(L)	7.07%
Jacobson Pharma Group (BVI) Limited ⁽⁵⁾	Interest in controlled corporation	56,590,000(L)	7.07%
Jacobson Pharma Corporation Limited ⁽⁵⁾	Interest in controlled corporation	56,590,000(L)	7.07%
Kingshill Development Limited ⁽⁵⁾	Interest in controlled corporation	56,590,000(L)	7.07%
Kingshill Development Group Inc. ⁽⁵⁾	Interest in controlled corporation	56,590,000(L)	7.07%
Sum Kwong Yip, Derek ⁽⁵⁾	Founder of a discretionary trust who can influence how the trustee exercises discretion	56,590,000(L)	7.07%
UBS Trustees (B.V.I.) Limited ⁽⁵⁾	Trustee	56,590,000(L)	7.07%

Notes:

- (1) The letter “L” denotes the person’s long position in such Shares and the letter “S” denotes the person’s short position in such Shares. The total number of 800,000,000 Shares of the Company in issue as at 30 June 2024 has been used for calculation of the approximate percentage.
- (2) The 200,000,000 Shares are charged by Tycoon Empire in favour of CR Pharma Retail.
- (3) The 448,096,326 Shares and the short position in the 200,000,000 Shares are registered in the name of Tycoon Empire, a company wholly owned by Mr. Wong Ka Chun Michael. Ms. Ngai Sze Kei is the spouse of Mr. Wong Ka Chun Michael. By virtue of the provisions in Part XV of the SFO, Ms. Ngai Sze Kei is deemed to be interested in all the Shares which Mr. Wong Ka Chun Michael is interested in or is deemed to be interested in.
- (4) These interests in Shares comprise the 151,895,000 Shares held by CR Pharma Retail and the 200,000,000 Shares under the Share Charge in favour of CR Pharma Retail (see Note 2 above). CR Pharma Retail is a company wholly-owned by CR Pharma. Based on the notices of disclosure of interests dated 21 November 2016 of CRH (Pharmaceutical) Limited, China Resources (Holdings) Company Limited, CRC Bluesky Limited, China Resources Inc. (formerly known as China Resources Co., Limited) and China Resources Company Limited (formerly known as China Resources National Corporation) filed with the Stock Exchange in relation to CR Pharma, CR Pharma is owned as to approximately 53.05% by CRH (Pharmaceutical) Limited, a wholly-owned subsidiary of China Resources (Holdings) Company Limited, which is wholly-owned by CRC Bluesky Limited, which in turn is wholly-owned by China Resources Inc., which in turn is wholly-owned by China Resources Company Limited. By virtue of the provisions of Part XV of the SFO, each of CR Pharma, CRH (Pharmaceutical) Limited, China Resources (Holdings) Company Limited, CRC Bluesky Limited, China Resources Inc. and China Resources Company Limited is deemed to be interested in all the Shares held by CR Pharma Retail.
- (5) These interests in Shares are held by Jacobson Group Treasury Limited, which is a direct wholly-owned subsidiary of Jacobson Pharma Group (BVI) Limited, which in turn is a wholly-owned subsidiary of Jacobson Pharma Corporation Limited (stock code: 2633.hk), in which 43.98% of the issued share capital of Jacobson Pharma Corporation Limited is owned by Kingshill Development Limited, a wholly-owned subsidiary of Kingshill Development Group Inc., which in turn is wholly-owned by UBS Trustees (B.V.I.) Limited, the trustee of The Kingshill Trust, a discretionary trust established by Mr. Sum Kwong Yip, Derek (as the settlor) with Mr. Sum and his family members as the discretionary beneficiaries. By virtue of the provisions of Part XV of the SFO, each of Jacobson Pharma Group (BVI) Limited, Jacobson Pharma Corporation Limited, Kingshill Development Limited, Kingshill Development Group Inc., Mr. Sum Kwong Yip, Derek and UBS Trustees (B.V.I.) Limited is deemed to be interested in all the Shares held by Jacobson Group Treasury Limited.

Save as disclosed above, as at 30 June 2024, so far as the Directors were aware, no other persons (other than the Directors or chief executive of the Company) or entities had any interests or short positions in the Shares or underlying Shares of the Company, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 336 of the SFO.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Neither the Company nor any of its holding companies was a party to any arrangements to enable the Directors or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate during the Period and up to the date of this Interim Report.

SHARE OPTION SCHEME

On 23 March 2020, a share option scheme ("**Share Option Scheme**") was approved and conditionally adopted by the Company, whereby the Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, supplier, customer, adviser or consultant of the Group, options to subscribe for the Shares. For details of the share option scheme, please refer to the Prospectus. From 1 January 2023, the Company has relied on the transitional arrangements provided for the existing Share Schemes and has complied with the new Chapter 17 of the Listing Rules accordingly (effective from 1 January 2023).

Since its adoption and up to 30 June 2024, no option has been granted or agreed to be granted under the Share Option Scheme. Therefore, no options were exercised or cancelled or lapsed during the Period and there were no outstanding options under the Share Option Scheme as at 30 June 2024. As at the date of this Interim Report, the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme is 80,000,000 Shares, representing 10% of the issued Shares.

SHARE AWARD SCHEME

On 25 May 2020, the Board adopted a share award scheme of the Company ("**Share Award Scheme**") in which any employee or consultant of the Group (other than a connected person of the Company or an associate of such connected persons (both terms as defined in the Listing Rules)) ("**Eligible Persons**") will be entitled to participate. From 1 January 2023, the Company has relied on the transitional arrangements provided for the existing Share Scheme and has complied with the new Chapter 17 of the Listing Rules accordingly (effective from 1 January 2023).

The Share Award Scheme is for the purposes of (i) recognising the contributions by certain Eligible Persons and giving incentives thereto in order to retain them for the continuing operation and development of the Group; and (ii) attracting suitable personnel for further development of the Group.

The Share Award Scheme will remain in force for a period of 10 years commencing from its adoption date.

The total number of the Shares to be awarded pursuant to the Share Award Scheme shall not exceed 40,000,000 Shares, being 5% of the total issued share capital of the Company as at its adoption date. The maximum number of Shares which may be awarded to a selected grantee at any one time shall not exceed 0.50% of the total number of the issued Shares as at the adoption date and the total number of Shares awarded to such selected grantee in aggregate shall not exceed 1% of the total number of the issued Shares as at the adoption date. Details of the Share Award Scheme are set out in the announcement of the Company dated 25 May 2020.

During the Period, no awarded shares (1H2023: Nil) have been granted, under the Share Award Scheme to the employees of the Group (none of them are Directors or connected persons of the Company), 1,680,000 awarded shares have been vested and no awarded shares have been forfeited. The vesting period of such awarded shares ranges from 1 April 2022 to 1 April 2026.

For details of the movements in the number of outstanding awarded shares during the Period, please refer to Note 19 to the interim condensed consolidated financial statements of the Company and the following:

Category of participants	Date of grant	Vesting period	Closing price of shares immediately before the date of grant	Number of awarded shares					Outstanding as at 30 June 2024
				Outstanding as at 1 January 2024	Granted during the Period	Vested during the Period	Lapsed/ expired during the Period	Cancelled/ forfeited during the Period	
Directors ^(Note 1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Five highest paid individuals in aggregate	1 April 2021	1 April 2024- 1 April 2026	HK\$1.58	3,860,000	-	1,156,000 ^(Note 2)	-	-	2,704,000
Other grantees in aggregate	1 April 2021	1 April 2022- 1 April 2026	HK\$1.58	1,750,000	-	524,000 ^(Note 3)	-	-	1,226,000
Total				5,610,000	-	1,680,000	-	-	3,930,000

Notes:

- Pursuant to the rules of the Share Award Scheme, an Eligible Person shall mean any employee or consultant of any Group company other than any person being a connected person of the Company or an associate of any such connected person. As such, no Director is/will be eligible for participation in the Share Award Scheme.
- The weighted average closing price of the shares immediately before the dates on which the awards to the five highest paid individuals in aggregate were vested was HK\$4.17.
- The weighted average closing price of the shares immediately before the dates on which the awards to other grantees in aggregate were vested was HK\$4.17.

The number of options and awards available for grant under the scheme mandate at the beginning and the end of the financial period was as follows:

	As of 1 January 2024	As of 30 June 2024
Total number of options and awards available for grant under the scheme mandate	80,000,000	80,000,000

Note: There was no service provider sublimit set under the Share Option Scheme and Share Award Scheme.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the six months ended 30 June 2024 divided by the weighted average number of shares of the relevant class in issue for the six months ended 30 June 2024 is nil.

Information on the accounting policy for share awards granted and the fair value of awards at the date of grant are provided in Note 19(b) to the interim condensed consolidated financial statements. The fair value of awards at the date of grant are provided in Note 19(b) to the interim condensed consolidated financial statements.



AUDIT COMMITTEE

The Board has established an audit committee (“**Audit Committee**”) with written terms of reference in compliance with the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Ms. Chan Ka Lai Vanessa (chairwoman), Mr. Chung Siu Wah and Mr. Mak Chung Hong. The primary duties of the Audit Committee include making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, reviewing the Group’s financial information, financial controls, internal control and risk management systems.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Board (“**Audit Committee**”) has reviewed with the Company’s management, the accounting principles and practices adopted by the Group, has discussed internal control and financial reporting matters and has reviewed the unaudited condensed consolidated financial statements of the Group for the Period.

The Audit Committee is satisfied that the unaudited condensed consolidated financial statements of the Group for the Period were prepared in accordance with the applicable accounting standards and fairly present the Group’s financial position and results for the Period.

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	Unaudited Six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000
Revenue	7	435,010	666,286
Cost of sales	8	(327,202)	(493,158)
Gross profit		107,808	173,128
Other gains, net	7	1,481	32,213
Selling and distribution expenses	8	(44,459)	(55,001)
General and administrative expenses	8	(33,887)	(43,996)
Operating profit		30,943	106,344
Finance costs		(10,277)	(11,946)
Share of results of investments accounted for using the equity method		3,553	2,116
Profit before income tax		24,219	96,514
Income tax expense	9	(3,100)	(9,467)
Profit for the period		21,119	87,047
Other comprehensive loss			
<i>Item that has been reclassified or may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of the financial statements of foreign subsidiaries		(696)	(1,513)
Total comprehensive profit for the period		20,423	85,534
Profit attributable to:			
Equity holders of the Company		21,009	87,528
Non-controlling interests		110	(481)
		21,119	87,047
Total comprehensive income attributable to:			
Equity holders of the Company		20,313	86,015
Non-controlling interests		110	(481)
		20,423	85,534
Earnings per share attributable to equity holders of the Company			
Basic and diluted (HK cents per share)	10	3	11

The above interim condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024

		Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Non-current assets			
Property, plant and equipment	12	53,631	54,486
Right-of-use assets	13	12,776	17,181
Intangible assets		84,734	86,248
Investments accounted for using the equity method	14	105,756	102,203
Prepayments and deposits		799	862
Financial assets at fair value through profit or loss		55,125	57,750
Deferred income tax assets		3,780	3,663
Total non-current assets		316,601	322,393
Current assets			
Inventories		160,169	141,345
Prepayments, deposits and other receivables		202,538	161,294
Amounts due from related parties	22	45,525	88,206
Trade receivables	15	242,426	236,612
Cash and cash equivalents		45,267	39,101
Total current assets		695,925	666,558
Total assets		1,012,526	988,951
Non-current liabilities			
Lease liabilities	13	6,367	8,894
Deferred income tax liabilities		3,167	3,396
Total non-current liabilities		9,534	12,290

		Unaudited	Audited
		As at	As at
		30 June	31 December
	<i>Notes</i>	2024	2023
		HK\$'000	HK\$'000
Current liabilities			
Trade payables	16	131,006	156,714
Other payables and accruals		61,766	70,071
Bank borrowings	17	200,626	139,028
Loan from a shareholder		50,000	50,000
Lease liabilities	13	6,560	8,238
Current tax liabilities		8,667	9,064
Total current liabilities		458,625	433,115
Total liabilities		468,159	445,405
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	18	8,000	8,000
Reserves		528,939	528,228
		536,939	536,228
Non-controlling interests		7,428	7,318
Total equity		544,367	543,546
Total equity and liabilities		1,012,526	988,951

Wong Ka Chun Michael
Director

Li Ka Wa Helen
Director

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Unaudited											
	Attributable to equity holders of the Company											
	Share capital	Share premium account	Merge reserve	Other reserve	Share held under share award plan	Share-base payment reserve	Statutory reserve	Exchange reserve	Retained profit	Total	Non-Controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2023	8,000	231,392	(80)	(8,066)	(22,527)	6,335	278	(3,720)	82,028	293,640	(480)	293,160
Profit/(loss) for the period	-	-	-	-	-	-	-	-	87,528	87,528	(481)	87,047
Other comprehensive loss:												
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	-	-	-	-	(1,513)	-	(1,513)	-	(1,513)
Total comprehensive (loss)/profit for the period	-	-	-	-	-	-	-	(1,513)	87,528	86,015	(481)	85,534
Transactions with owners in their capacity as owners:												
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	7,794	7,794
Vesting of shares under share award scheme	-	-	-	-	-	289	-	-	-	289	-	289
Vested of shares under share award scheme	-	380	-	-	1,159	(1,539)	-	-	-	-	-	-
Balance at 30 June 2023	8,000	231,772	(80)	(8,066)	(21,368)	5,085	278	(5,233)	169,556	379,944	6,833	386,777
Balance at 1 January 2024	8,000	231,772	(80)	(8,066)	(30,768)	6,215	278	1,530	327,347	536,228	7,318	543,546
Profit for the period	-	-	-	-	-	-	-	-	21,009	21,009	110	21,119
Other comprehensive loss:												
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	-	-	-	-	(696)	-	(696)	-	(696)
Total comprehensive (loss)/profit for the period	-	-	-	-	-	-	-	(696)	21,009	20,313	110	20,423
Transactions with owners in their capacity as owners:												
Vesting of shares under share award scheme	-	655	-	-	1,999	(2,654)	-	-	-	-	-	-
Vested of shares under share award scheme	-	-	-	-	-	798	-	-	-	798	-	798
Purchase of shares for share award scheme	-	-	-	-	(20,400)	-	-	-	-	(20,400)	-	(20,400)
Balance at 30 June 2024	8,000	232,427	(80)	(8,066)	(49,169)	4,359	278	834	348,356	536,939	7,428	544,367

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Note	Unaudited	
		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
Cash flows from operating activities		(12,092)	36,430
Income taxes (paid)/refunded		(3,843)	112
Net cash (used in)/generated from operating activities		(15,935)	36,542
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(1,045)	(2,564)
Purchase of financial assets at fair value through profit or loss		–	(15,300)
Interest received		14	140
Acquisition of a subsidiary		(3,648)	6,005
Disposal of financial assets at fair value through profit or loss		2,627	–
Net cash used in investing activities		(2,052)	(11,719)
Cash flows from financing activities			
Interest paid		(10,277)	(11,946)
Purchase of shares held under the share award scheme		(20,400)	–
Step acquisition of a subsidiary		(1,368)	–
Proceeds from bank borrowings		185,311	267,849
Repayment of bank borrowings		(123,713)	(277,612)
Principal elements of lease payments		(4,782)	(6,193)
Proceeds from loan from a shareholder		50,000	50,000
Repayment of loan from a shareholder		(50,000)	(50,000)
Net cash generated from/(used in) financing activities		24,771	(27,902)
Net increase/(decrease) in cash and cash equivalents		6,784	(3,079)
Cash and cash equivalents at beginning of the period		39,101	74,603
Effects of exchange rate changes on cash and cash equivalents		(618)	(1,013)
Cash and cash equivalents at end of the period		45,267	70,511

Notes to the Interim Condensed Consolidated Financial Information

1 GENERAL INFORMATION

Tycoon Group Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”) is an exempted company incorporated in the Cayman Islands with limited liability on 14 June 2017. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 14, 8/F., Wah Wai Centre, 38-40 Au Pui Wan Street, Shatin, New Territories, Hong Kong.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) by way of global offering (“**Global Offering**”) since 15 April 2020.

The Company is an investment holding company. During the period, the Company’s subsidiaries were principally engaged in the distribution and retail of health and well-being related products.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Tycoon Empire Investment Limited, which was incorporated in the British Virgin Islands (“**BVI**”).

This interim condensed consolidated financial information is presented in thousands of units of Hong Kong dollars (“**HK\$’000**”), unless otherwise stated.

This interim condensed consolidated financial information was approved for issue by the board of directors of the Company (“**Board**”) on 30 August 2024.

This interim condensed consolidated financial information is unaudited and has been reviewed by the audit committee of the Board and approved for issue by the Board on 30 August 2024.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information is for the Group consisting of the Company and its subsidiaries. This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. This interim condensed consolidated financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2023, as described in the annual consolidated financial statements, except for the estimation of income tax, the adoption of new and amended standards as set out below. Income tax expenses for the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

A number of new and amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments.

(b) Impact of new and amended standards issued but not yet applied by the Group

Certain new and amended standards have been issued but are not mandatory for application in the current reporting period. The Group did not early adopt these new and amended standards in the current reporting period. The Group is in the process of assessing the impact of adopting these standards on its current or future reporting periods and on foreseeable future transactions.

4 ESTIMATES

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.



5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

Compared to the year ended 31 December 2023, there was no material change in the contractual undiscounted cash flows for financial liabilities.

There have been no significant changes in the Group's risk management policies since 31 December 2023.

5.2 Fair value estimation

The fair value of the Group's assets and liabilities are classified into 3 levels of the fair value measurement hierarchy prescribed under the accounting standards and disclosed as below:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

5 FINANCIAL RISK MANAGEMENT (continued)

5.2 Fair value estimation (continued)

The following table presents the Group's financial assets that are measured at fair value as at 30 June 2024.

	Unaudited			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Assets				
Financial assets at fair value through profit or loss				
– Listed securities	55,125	–	–	55,125
Total	55,125	–	–	55,125

The following table presents the Group's financial assets that are measured at fair value as at 31 December 2023.

	Audited			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Assets				
Financial assets at fair value through profit or loss				
– Listed securities	57,750	–	–	57,750
Total	57,750	–	–	57,750



5 FINANCIAL RISK MANAGEMENT (continued)

5.3 Fair value of financial assets and liabilities measured at amortised cost

The fair values of the following financial assets and liabilities approximate their carrying values due to their short-term maturities, or they are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group:

- Deposits and other receivables
- Amounts due from related parties
- Trade receivables
- Cash and cash equivalents
- Trade payables
- Other payables and accruals
- Bank borrowings
- Loan from a shareholder
- Amounts due to related parties
- Lease liabilities

6 SEGMENT INFORMATION

The executive director has been identified as the chief operating decision-maker. The executive director reviews the Group's internal reports in order to assess performance and allocate resources. The executive director has determined the operating segments based on these reports. Operating segments are reported in a manner consistent with the internal reporting to the Group's key management personnel as follows:

- (a) the distribution segment, which includes the operation of distributing products to chain retailers, non-chain retailers and traders;
- (b) the e-commerce segment, which includes the operation of online stores and wholesale to e-commerce customers; and
- (c) the retail store segment, which represents the operation of Hong Ning Hong Limited ("**HNH**").

The management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax.

The adjusted profit before tax is measured consistently with the Group's profit before tax except that gain on disposal of a joint venture, gain on remeasurement of previously held interests in an associated company, fair value gain on financial assets at fair value through profit or loss, gain on disposal of financial assets at fair value through profit or loss, foreign exchange differences, net, finance income, finance costs (other than interests on lease liabilities), corporate and other unallocated expenses and income tax expense are excluded from such measurement.

Segment assets exclude financial assets at fair value through profit or loss, deferred income tax assets, amounts due from related parties, cash and cash equivalents, receivable from disposal of subsidiaries and corporate and other unallocated assets as these assets are managed on a group basis. Segment liabilities exclude deferred income tax liabilities, bank borrowings, loan from a shareholder, current tax liabilities, and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

Information provided to the executive director is measured in a manner consistent with that the interim condensed consolidated financial information.



6 SEGMENT INFORMATION (continued)

The following table presents revenue and results for the Group's reportable segments:

	Six months ended 30 June (Unaudited)							
	Distribution		E-commerce		Retail Store		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	335,216	375,147	-	275,420	99,794	15,719	435,010	666,286
Inter-segment revenue	8,582	23,418	-	-	1,328	-	9,910	23,418
Reportable segment revenue	343,798	398,565	-	275,420	101,122	15,719	444,920	689,704
Reportable segment results	32,901	64,803	3,553	19,772	1,273	2,613	37,727	87,188
Gain on disposal of a joint venture							-	10,000
Gain on remeasurement of previously held interests in an associated company							-	1,414
Fair value gain on financial assets at fair value through profit or loss							-	19,100
Gain on disposal of financial assets at fair value through profit or loss							2	-
Foreign exchange differences, net							(586)	(336)
Finance income							14	140
Finance costs (other than interests on lease liabilities)							(10,028)	(11,736)
Corporate and other unallocated expenses							(2,910)	(9,256)
Profit before income tax							24,219	96,514
Income tax expense							(3,100)	(9,467)
Profit for the period							21,119	87,047

6 SEGMENT INFORMATION (continued)

The following table presents the total assets and liabilities for the Group's reportable segments:

	Distribution		E-commerce		Retail Store		Total	
	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Segment assets	563,962	478,349	105,756	102,203	130,038	137,275	799,756	717,827
Financial assets at fair value through profit or loss							55,125	57,750
Deferred income tax assets							3,780	3,663
Amounts due from related parties							45,525	88,206
Cash and cash equivalents							45,267	39,101
Receivable from disposal of subsidiaries							60,000	60,000
Corporate and other unallocated assets							3,073	22,404
Total							1,012,526	988,951
	Distribution		E-commerce		Retail Store		Total	
	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Segment liabilities	(167,815)	(197,481)	-	-	(37,384)	(42,623)	(205,199)	(240,104)
Deferred income tax liabilities							(3,167)	(3,396)
Bank borrowings							(200,626)	(139,028)
Loan from a shareholder							(50,000)	(50,000)
Current tax liabilities							(8,667)	(9,064)
Corporate and other unallocated liabilities							(500)	(3,813)
Total							(468,159)	(445,405)



6 SEGMENT INFORMATION (continued)

	Six months ended 30 June (Unaudited)				Total HK\$'000
	Distribution HK\$'000	E-commerce HK\$'000	Retail Store HK\$'000	Unallocated HK\$'000	
2024					
Other segment information					
Depreciation of property, plant and equipment, including leasehold land	1,722	–	12	89	1,823
Depreciation of right-of-use assets	3,381	–	1,363	237	4,981
Amortisation of intangible assets	729	–	785	–	1,514
Addition to non-current assets	1,201	–	11	409	1,621
2023					
Other segment information					
Depreciation of property, plant and equipment, including leasehold land	1,576	1,201	2	73	2,852
Depreciation of right-of-use assets	3,058	2,172	–	487	5,717
Amortisation of intangible assets	729	–	131	–	860
Addition to non-current assets	5,090	37	53,407	860	59,394

7 REVENUE, OTHER GAINS, NET

Revenue, other gains, net recognised during the period are as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Revenue		
Sale of goods	435,010	666,286
Disaggregated revenue information		
Geographical markets		
Hong Kong	358,406	301,011
Mainland China	–	280,315
Macau	45,220	60,117
Singapore	28,029	21,489
Malaysia	2,803	2,653
Others	552	701
Timing of revenue recognition		
Goods transferred at a point of time	435,010	666,286
Other gains, net		
Fair value gain on financial assets at fair value through profit or loss	–	19,100
Gain on disposal of financial assets at fair value through profit or loss	2	–
Gain on disposal of a joint venture	–	10,000
Gain on remeasurement of previously held interests in an associated company	–	1,414
Government subsidies	100	539
Change in value of investment in an insurance contract	–	148
Others	1,379	1,012
	1,481	32,213



8 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, general and administrative expenses are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Cost of inventories sold	326,091	493,283
Written-down/(written back) of inventories	1,111	(125)
Depreciation of property, plant and equipment	1,823	2,852
Depreciation of right-of-use assets	4,981	5,717
Amortisation of intangible assets	1,514	860
Employee benefit expenses	31,456	30,898
Share-based payment expense	798	289
Expenses under short-term leases	1,632	1,264
Service expenses paid to a related party	–	2,651
Advertising fee	15,551	14,457

9 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at 16.5% (six months ended 30 June 2023: same) of the estimated assessable profits for the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current tax – Hong Kong	2,357	7,353
Current tax – Macau and others	827	1,342
Deferred tax	(84)	772
Total income tax expense for the period	3,100	9,467

10 EARNINGS PER SHARE

Basic

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

	Unaudited	
	Six months ended 30 June	
	2024	2023
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	21,009	87,528
Weighted average number of ordinary shares in issue (in thousands)	777,923	781,577
Basic earnings per share (HK cents)	3	11

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company has one category of potentially dilutive ordinary shares: share awards. For the share awards, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the period) based on the monetary value of the outstanding share awards. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share awards.

For the six months ended 30 June 2024, the calculation of diluted earnings per share was based on the profit attributable to equity holders of the Company and the adjusted weighted average number of ordinary shares outstanding assuming the conversion of all potentially dilutive ordinary shares, which was calculated as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
Profit attributable to the equity holders of the Company (<i>HK\$'000</i>)	21,009	87,528
Weighted average number of ordinary shares in issue (thousand shares)	777,923	781,577
Adjustment for share awards (thousand shares)	4,362	6,005
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	782,285	787,582
Diluted earnings per share attributable to the equity holders of the Company (HK cents per share)	3	11



11 DIVIDEND

No dividends have been declared for the six months ended 30 June 2024 (six months ended 30 June 2023: HK3.5 cents).

12 PROPERTY, PLANT AND EQUIPMENT

	Unaudited As at 30 June 2024 HK\$'000	Unaudited As at 30 June 2023 HK\$'000
Net book value as at 1 January	54,486	60,954
Addition	1,045	2,564
Acquisition of a subsidiary	–	58
Depreciation	(1,823)	(2,852)
Exchange differences	(77)	(290)
Net book value as at 30 June	53,631	60,434

At 30 June 2024, certain of the Group's property, plant and equipment with a net carrying values of approximately HK\$ 32,330,000 (31 December 2023: HK\$33,403,000), were pledged to secure bank loans of the Group (*Note 17*).

13 LEASES

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Right-of-use assets		
Properties	12,776	17,181
Lease liabilities		
Non-current	6,367	8,894
Current	6,560	8,238
	12,927	17,132

During the six months ended 30 June 2024, the additions to right-of-use assets amounted to HK\$576,000 (six months ended 30 June 2023: HK\$6,814,000) and the depreciation expense incurred for the period amounted to HK\$4,981,000 (six months ended 30 June 2023: HK\$5,717,000).

14 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As at 30 June 2024, the Group's investments accounted for using the equity method represent the investment in Combo Win Asia Limited ("**CWA**") and Fancy Summit Inc. ("**Fancy Summit**") (31 December 2023: CWA and Fancy Summit).

Name of company	Place of incorporation	Place of operation	Percentage of ownership interest attributable to the Group	Nature of relationship	Principal activities	Measurement method
CWA	Hong Kong	Hong Kong	49%	Associated Company	E-commerce Business	Equity method
Fancy Summit	The BVI	The BVI	50%	Joint venture	Investment holding	Equity method

15 TRADE RECEIVABLES

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Trade receivables	218,964	209,604
Amounts due from related parties	23,462	27,008
Total	242,426	236,612

The Group's credit terms to trade debtors range generally from 30 to 120 days. As at 30 June 2024 and 31 December 2023, the ageing analysis of the trade receivables (including amounts due from related parties in trade nature) based on invoice date is as follows:

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Trade receivables		
Within 90 days	122,411	153,289
91 to 180 days	30,372	28,159
Over 180 days	89,643	55,164
Total	242,426	236,612



16 TRADE PAYABLES

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Trade payables	123,013	148,085
Amounts due to related parties	7,993	8,629
Total	131,006	156,714

As at 30 June 2024 and 31 December 2023, the ageing analysis of the trade payables (including amounts due to related parties in trade nature) based on invoice date is as follows:

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Within 30 days	35,485	19,493
31 to 60 days	23,030	25,178
61 to 120 days	40,865	36,981
Over 120 days	31,626	75,062
Total	131,006	156,714

17 BANK BORROWINGS

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Current:		
Bank borrowings – Secured	57,161	37,397
Invoice financing loans – Secured	104,465	62,631
Bank borrowings – Unsecured	39,000	39,000
	200,626	139,028

18 SHARE CAPITAL

	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares HK\$'000
Authorised:		
At 31 December 2023, 1 January 2024 and 30 June 2024	10,000,000,000	100,000
Issued and fully paid:		
At 31 December 2023, 1 January 2024 and 30 June 2024	800,000,000	8,000

19 SHARE-BASED SCHEME

(a) Share option scheme

The Company has adopted a share option scheme (“**Share Option Scheme**”) pursuant to the shareholders’ written resolution passed on 23 March 2020. The purposes of the Share Option Scheme are to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

Eligible persons include (a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity (“**Invested Entity**”) in which the Group holds an equity interest; (b) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of any member of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (f) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and (g) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group, and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants.



19 SHARE-BASED SCHEME (continued)

(a) Share option scheme (continued)

The maximum number of shares to be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time. The initial total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Group) to be granted under the Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 10% of the shares in issue on the listing date (i.e. 80,000,000 shares). The total number of shares issued and which may fall to be issued upon exercise of the options to be granted under the Share Option Scheme and any other share option schemes of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (“**Individual Limit**”). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the shareholders and the shareholders’ approval in general meeting of the Company with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of the options to be granted to such participant must be fixed before shareholders’ approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under the Listing Rules.

An offer of the grant of the option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the directors to each grantee. The period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The subscription price for shares under the Share Option Scheme will be a price determined by the directors, but shall not be less than the higher of (i) the closing price of shares as stated in the Stock Exchange’s daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of shares as stated in the Stock Exchange’s daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares. A nominal consideration of HK\$1.0 is payable on acceptance of the grant of an option.

No share options were granted, under the Share Option Scheme during the current and prior period.

19 SHARE-BASED SCHEME (continued)

(b) Share award scheme

On 25 May 2020, the Board adopted a share award scheme as means to recognise the contributions by certain eligible persons and giving incentives thereto in order to retain them for the continuing operation and development of the Group and attract suitable personnel for further development of the Group (“**Share Award Scheme**”).

Subject to any early termination as may be determined by the Board in accordance with the rules of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on 25 May 2020 (“**Adoption Date**”), provided that no further settlement of the reference amount (“**Reference Amount**”) shall be made by the Company on or after the 10th anniversary of the Adoption Date. Subject to compliance with all applicable laws, codes or regulations including without limitation those imposed by the Listing Rules from time to time, the Board shall cause the Company to instruct the trustee (“**Trustee**”) to purchase the awarded shares. In each case, the purchase shall be made on the open market with the Reference Amount from the funds of the Group. The shares purchased shall be held by the Trustee until they are vested in the selected grantees. The Trustee shall not exercise any voting rights in respect of any shares held under the trust.

The aggregate number of shares to be awarded pursuant to the Share Award Scheme shall not exceed 5% of the total issued share capital of the Company as at the Adoption Date (i.e. 40,000,000 shares). The maximum number of shares which may be awarded to a selected grantee at any one time shall not exceed 0.50% of the total number of issued shares as at the Adoption Date. If and whenever there shall be an alteration to the nominal value of the shares as a result of consolidation or subdivision (“**Capital Reorganisation**”) and the effective date of such Capital Reorganisation falls on a day when the Share Award Scheme remains in effect, the maximum number of the shares referred to above shall be adjusted proportionally. Such adjustment shall automatically become effective on the date on which the Capital Reorganisation takes effect.

Awarded shares held by the Trustee upon the trust and which are referable to a selected grantee shall vest to that selected grantee in accordance with a vesting schedule determined at the discretion of the Board, provided that the selected grantee remains at all times after the grant of the award and on each relevant vesting date an eligible person and the transfer documents and any other relevant documents as prescribed by the Trustee to effect the transfer have been duly executed by the selected grantee.

The Company purchased 20,000,000 ordinary shares of the Company at an average price of HK\$1.19 per share at an aggregate consideration of HK\$23,824,000 through the Trustee for the Share Award Scheme in the prior years.



19 SHARE-BASED SCHEME (continued)

(b) Share award scheme (continued)

During six months ended 30 June 2024, the trustee, for the benefits of the eligible participants of the Share Award Scheme, purchased 3,960,000 ordinary shares of the Company at an average price of HK\$5.15 per share at an aggregate consideration of HK\$20,400,000 through the Trustee for the Share Award Scheme. As at 30 June 2024, there were 26,110,000 ordinary shares (2023: 22,150,000 ordinary shares) of the trustee purchased for the benefits of the eligible participants of the scheme.

During six months ended 30 June 2024, no awarded shares have been granted to the selected grantees under the Share Award Scheme (six months ended 30 June 2023: Nil).

Movements in the number of share award outstanding are as follows:

	Share awards (thousands) 2024	Share awards (thousands) 2023
At 1 January	5,610	7,744
Vested	(1,680)	(974)
Forfeited	-	(1,160)
At 30 June	3,930	5,610

The share awards will be vested to the selected grantees during the vesting periods up to five years. For the six months ended 30 June 2024, the weighted average fair value of share awards granted was HK\$1.58 (six months ended 30 June 2023: HK\$1.58). The fair value is the same with the closing share price of the Company quoted on the Stock Exchange on the date of grant.

1,680,000 awarded shares were vested during the six months ended 30 June 2024 (six months ended 30 June 2023: 974,000 awarded shares). During the six months ended 30 June 2024, share-base payment expense of HK\$798,000 (six months ended 30 June 2023: HK\$289,000) was recognised in the interim condensed consolidated profit or loss and other comprehensive income and was credited to equity.

20 CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no contingent liabilities (31 December 2023: Nil).

21 CAPITAL COMMITMENT

Save as disclosed elsewhere in the interim condensed consolidated financial information, the Group had no material capital commitment as at 30 June 2024 (31 December 2023: Nil).

22 RELATED PARTIES TRANSACTIONS

In addition to the transactions set out elsewhere in the interim condensed consolidated financial information, the Group had the following transactions with related parties during the period:

(a) Transactions with related parties

	Unaudited	
	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Sale of products:		
– Hong Kong Han Lam Tong Medicine Limited (“ Han Lam Tong ”) (note (i))	–	13,550
– China Resources Pharmaceutical Group Limited (“ CR Pharma ”) and its subsidiaries (together, the “ CR Pharma Group ”) (note (ii))	15,744	11,608
– Talent Smart Holdings Limited and its subsidiaries (“ Talent Smart Group ”) (note (iii))	29	64
Purchase of products:		
– Han Lam Tong (note (i))	–	3,179
– The CR Pharma Group (note (ii))	–	136,639
– Talent Smart Group (note (iii))	2,660	584
Service expenses:		
– JMM Healthcare Limited (“ JMM ”) (note (iv))	–	2,651
Services income:		
– JMM (note (v))	–	117
– CWA and its subsidiaries (note (viii))	1,068	–
Payment made on behalf of:		
– JMM (note (vii))	–	21
– Fancy Summit and its subsidiaries (note (vi))	11	13



22 RELATED PARTIES TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

During the period ended 30 June 2024, the Group leased properties from Mr. Wong Ka Chun Michael, the controlling shareholder of the Company, (“**Controlling Shareholder**”) for warehouse and carpark use. The monthly lease payable was determined on a basis mutually agreed by both parties with reference to the prevailing market rent of similar properties located at the surrounding area available to independent third parties at the time when the lease agreement was entered into. Right-of-use assets of HK\$8,522,000 (31 December 2023: HK\$10,227,000) and lease liabilities of HK\$8,587,000 (31 December 2023: HK\$10,227,000) in respect to the leases were recognised in the interim condensed consolidated statement of financial position as at 30 June 2024.

During the period ended 30 June 2024, depreciation of right-of-use assets of HK\$1,704,000 (six months ended 30 June 2023: HK\$1,687,000) and interest expense on the lease liabilities of HK\$142,000 (six months ended 30 June 2023: HK\$37,000) was charged to the interim condensed consolidated statement of profit or loss and other comprehensive income.

Notes:

- (i) The sales to and purchase from Han Lam Tong, a wholly-owned subsidiary of HNH, an associate of the Company during the period before it became a non wholly-owned subsidiary of the Group from 31 May 2023 onwards, were made at a mutually agreed price.
- (ii) Sales to and purchase from CR Pharma Group, a shareholder of the Company, were transacted pursuant to terms and conditions set out in the master agreement entered into by the Company and CR Pharma on 8 February 2021. These transactions were continuing connected transactions as defined in Chapter 14A of the Listing Rules. The Company has complied with the applicable requirements under Chapter 14A of the Listing Rules during the period under review in respect of these transactions.
- (iii) Sales to and purchase of products from Talent Smart Group, companies controlled by the Controlling Shareholder, were transacted pursuant to the terms and conditions set out in the master agreements entered into by the Company, Talent Smart Group on 1 July 2022. These transactions were continuing connected transactions as defined in Chapter 14A of the Listing Rules. The Company has complied with the applicable requirements in accordance with Chapter 14A of the Listing Rules as detailed in the section headed “**Non-Exempt Continuing Connected Transactions**” in the Directors’ Report of the Company’s annual report in respect of these transactions.
- (iv) Service expenses to JMM, a wholly owned subsidiary of Five Ocean, a joint venture of the Company during the period before it was disposed on 23 March 2023, were transacted pursuant to the terms and conditions set out in the service agreement entered into by the Company and JMM on 8 April 2021.
- (v) Service income from JMM during the period before it was disposed on 23 March 2023, was charged at a rate mutually agreed between the two parties.
- (vi) The amounts represent expenses paid on behalf of the related parties during the six months ended 30 June 2024 and 2023.
- (vii) The amount represents expenses paid on behalf of JMM during the period before it was disposed on 23 March 2023.
- (viii) Service income from CWA was charged at a rate mutually agreed between the two parties.

22 RELATED PARTIES TRANSACTIONS (continued)**(b) Outstanding balances with related parties**

		Unaudited	Audited
		As at	As at
		30 June	31 December
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
Trade and other receivables			
Trade receivables due from			
– CR Pharma Group	<i>(i)</i>	4,995	1,043
– Talent Smart Group	<i>(ii)</i>	3	13
– CWA and its subsidiaries	<i>(ii)</i>	18,464	25,952
		23,462	27,008
Amounts due from			
– Joint ventures	<i>(ii)</i>	114	103
– CWA and its subsidiaries	<i>(ii)</i>	45,411	88,103
		45,525	88,206
Trade and other payables			
Trade payable due to			
– Talent Smart Group	<i>(ii)</i>	–	636
– CWA and its subsidiaries	<i>(ii)</i>	7,993	7,993
		7,993	8,629

Notes:

- (i) As at 30 June 2024, the balances with the CR Pharma Group are unsecured, interest-free and with a credit period of 30 to 120 days.
- (ii) As at 30 June 2024, these balances are unsecured, interest-free and repayable on demand.