

# HIS

## 衍生集團(國際)控股有限公司

Hin Sang Group (International) Holding Co. Ltd.

Stock Code : 6893

(Incorporated in the Cayman Islands with limited liability)

## 2022 / 2023 Interim Report

# 衍生®



匠心品牌 源於香港  
甄選天然 草本食養

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## DEFINITION

In this interim report, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below.

“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Brand Development and Management Segment”	the business segment in which the Group purchases primarily personal care products from the brand proprietors and manages and develops the brand of such products
“Company”	Hin Sang Group (International) Holding Co. Ltd. (衍生集團(國際)控股有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 28 October 2010
“Director(s)”	the director(s) of the Company
“Fullshare”	Fullshare Holdings Limited (豐盛控股有限公司), a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the Stock Exchange (stock code: 607)
“Genwealth”	Genwealth Group Holding Company Limited (衍富集團控股有限公司), a company incorporated with limited liability on 5 October 2010 in the British Virgin Islands, the issued shares of which are owned as to 90% by Mr. Pang Siu Hin and 10% by his wife, Ms. Kwan Lai Man, both of them are executive Directors, and Controlling Shareholders of the Company under the Listing Rules
“Group”	the Company and its subsidiaries
“Healthcare Segment”	the business segment in which the Group engages in providing Chinese medical healthcare related services which targets for mothers and children in the Mainland China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Period”	the six months ended 30 September 2022
“PRC”	the People’s Republic of China

## DEFINITION

“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by the Company on 25 September 2014
“Product Development Segment”	the business segment in which the Group develops own personal care products, health supplements and household products sold under its own brands, including but not limited to “Hin Sang (衍生)”, “Tai Wo Tong (太和堂)”, “Cheers Smart (千里馬)”, “Care Plus (私+呵護)” and “King’s Antiseptic (殺菌王)”
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holders of the Share(s)
“Share Option Scheme”	the share option scheme adopted by the Company on 25 September 2014
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trading of Goods Segment”	the business segment in which the Group engages in trading and distributing skin care products, personal care products and household products purchased from various authorised dealers and independent traders or directly from suppliers

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Pang Siu Hin (*Chairman and Chief Executive Officer*)  
Ms. Kwan Lai Man

#### Non-executive Directors

Ms. Wong Wai Ling  
Ms. Tian Shanshan

#### Independent non-executive Directors

Mr. Lau Chi Kit  
Mr. Lee Luk Shiu  
Dr. Tang Sing Hing, Kenny

### AUDIT COMMITTEE

Mr. Lee Luk Shiu (*Chairman*)  
Mr. Lau Chi Kit  
Dr. Tang Sing Hing, Kenny

### REMUNERATION COMMITTEE

Mr. Lau Chi Kit (*Chairman*)  
Ms. Kwan Lai Man  
Mr. Lee Luk Shiu  
Dr. Tang Sing Hing, Kenny

### NOMINATION COMMITTEE

Dr. Tang Sing Hing, Kenny (*Chairman*)  
Ms. Kwan Lai Man  
Mr. Lau Chi Kit  
Mr. Lee Luk Shiu

### COMPANY SECRETARY

Ms. Kho Polien (*Resigned on 1 July 2022*)  
Mr. Wong Octokid (*Appointed on 1 July 2022*)

### AUTHORISED REPRESENTATIVES

Mr. Pang Siu Hin  
Ms. Kwan Lai Man

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1213-1215, 12/F, Seapower Tower,  
Concordia Plaza, 1 Science Museum Road,  
Tsim Sha Tsui, Kowloon, Hong Kong

### LEGAL ADVISERS

Chak & Associates

### AUDITOR

HLB Hodgson Impey Cheng Limited

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
Bank of China (Hong Kong) Limited

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE/REGISTERED OFFICE

Ocorian Trust (Cayman) Limited  
Windward 3, Regatta Office Park,  
P.O. Box 1350, Grand Cayman,  
KY1-1108, Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

### COMPANY WEBSITE

[www.hinsanggroup.com](http://www.hinsanggroup.com)

### STOCK CODE

The Stock Exchange of Hong Kong Limited: 6893

### ENQUIRES

Company:

Email: [contact@hinsanggroup.com](mailto:contact@hinsanggroup.com)

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OVERVIEW

The Group is principally engaged in the marketing, selling and manufacturing of healthcare products primarily targeting at children, among which “Hin Sang (衍生)” has been a long established reputable brand. To align with consumers’ trend, the Group continues to expand the e-commerce business through electronic platforms. To leverage on existing resources to increase profit, the Group also trades in personal care and slimming products of reputable brands. It is also developing its business in Chinese medical healthcare as well as diagnosis and treatment services projects.

For the Period, the Group’s revenue was approximately HK\$41.0 million, representing a decrease of approximately 4.0% as compared to approximately HK\$42.7 million for the same period in 2021. The Group has four business segments classified by their ownership, licensing rights and services rendered. During the Period, the Product Development Segment, selling the Group’s own brand products with a relatively high gross profit margin, was still the largest segment of the Group which contributed approximately 95.4% (2021: 95.3%) of the Group’s revenue. On the other hand, the revenue contribution from the Brand Development and Management Segment slightly increased from approximately 1.2% of the total revenue for the same period in 2021 to approximately 2.1% of the total revenue for the Period. The Trading of Goods Segment recorded approximately 1.5% for the Period (2021: 0.5%). The Healthcare Segment accounted for approximately 1.0% (2021: 3.0%) of the Group’s total revenue for the Period.

The Group’s business operations are based in both Hong Kong and the Mainland China. Revenue generated from Hong Kong market for the Period recorded approximately HK\$20.5 million (2021: HK\$19.3 million), representing approximately 50.0% of the total revenue for the Period (2021: 45.2%). On the other hand, revenue generated from the Mainland China market for the Period recorded approximately HK\$20.5 million (2021: HK\$23.4 million), representing approximately 50.0% of the total revenue for the Period (2021: 54.8%). Benefiting from the Government’s Consumption Voucher Scheme for stimulating consumption, the revenue generated from sales in Hong Kong stopped declining and slightly increased during the Period. In contrast, the revenue generated from sales in the Mainland China decreased, mainly due to weakened purchasing power of citizens in the Mainland China.

### Product Development Segment

Under the Product Development Segment, the Group develops and sells healthcare products, personal care products and household products under its own brand names, mainly being “Hin Sang (衍生)”, “Tai Wo Tong (太和堂)”, “Cheers Smart (千里馬)”, “Care Plus (私+呵護)” and “King’s Antiseptic (殺菌王)”. The Group started developing the “Hin Sang (衍生)” brand in 2004 mainly for its health supplements. “Tai Wo Tong (太和堂)” was developed in 2012 mainly for the Group’s proprietary Chinese medicine category. To further enhance brand recognition of the Group’s own brand products, the Group launched a new product during the Period, namely “Hin Sang Bei Er Qi Xing Solid Beverage (衍生蓓兒七星固體飲料)”. The Group will launch several new products in the coming few months.

The revenue of this segment was approximately HK\$39.1 million for the Period, represented a decrease of approximately 4.0% comparing to approximately HK\$40.7 million for the same period in 2021. This segment’s loss increased by approximately 167.3% from HK\$6.0 million for the six months ended 2021 to HK\$15.9 million for the Period, which was mainly due to a one-off gain on disposal of property, plant and equipment of approximately HK\$9.8 million during the six months ended 30 September 2021. This segment’s loss margin increased from 14.6% for the six months ended 30 September 2021 to 40.8% for the Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Brand Development and Management Segment

The Group has a proven history of managing and developing a number of brands for its brand proprietors (who are mainly manufacturers and brand proprietors of the products) in respect of their personal care products mainly in the Hong Kong market since 1999. The Group entered into an exclusive distribution agreement with each of the brand proprietors and provided them with one-stop marketing, sales and distribution, logistic and delivery services for their branded products.

Amongst the products managed and developed by the Group for the brand proprietors, the major brands are “Pahmi (芭菲)”, “Enear (櫻雪)”, “Vcnic (花世界)”, “Zici (滋采)” and “Sunew (閃新)”. The revenue of this segment for the Period was approximately HK\$0.9 million, represented an increase of approximately 70.8% comparing to approximately HK\$0.5 million for the same period in 2021. The revenue of this segment contributed approximately 2.1% of the total revenue of the Group for the Period (2021: 1.2%). Despite the increase in revenue of this segment, it was still the focus of the Group to expand and develop the Product Development Segment. This segment’s loss for the Period was approximately HK\$32,000, comparing to approximately HK\$38,000 for the same period in 2021.

### Trading of Goods Segment

The Group has served its customers with high quality products sourced from authorized dealers and overseas suppliers. Products within this segment with low profit margin will be phased out, and more resources will be put into Product Development Segment which is expected to yield higher profit margin.

The revenue of this segment was approximately HK\$0.6 million for the Period, represented an increase of approximately 207.5% comparing to approximately HK\$0.2 million for the same period in 2021. The increase in revenue was mainly attributable to the new partnership opportunities with authorized dealers and overseas suppliers during the Period. The revenue of this segment contributed approximately 1.5% of the total revenue of the Group for the Period (2021: 0.5%). While there was an increase in revenue of this segment, it was still the focus of the Group to expand and develop the Product Development Segment. This segment’s profit for the Period was approximately HK\$0.6 million, comparing to segment loss of approximately HK\$4,000 for the same period in 2021.

### Healthcare Segment

Healthcare segment provides different types of healthcare related services and products in the Mainland China for mothers and children by establishment of clinics with medical treatment and consultation by experienced Chinese physician who specialized in mother-infant Chinese medical healthcare.

The revenue of this segment was approximately HK\$0.4 million for the Period, represented a decrease of approximately 68.8% comparing to approximately HK\$1.3 million for the same period in 2021. The decrease in revenue was mainly attributable to the cease of operation of the Chinese clinic in Hong Kong since October 2021. The revenue of this segment contributed approximately 1.0% of the total revenue of the Group for the Period (2021: 3.0%). This segment’s loss for the Period was approximately HK\$0.4 million, representing a decrease of approximately 76.4% comparing to approximately HK\$1.8 million for the same period in 2021.

# MANAGEMENT DISCUSSION AND ANALYSIS

## HUMAN RESOURCES

The Group had a total of 254 staff as at 30 September 2022. The remuneration of the employees consist of fixed salary, individual sales commission and year-end discretionary performance bonus. The Group has devised an assessment system for its employees and the Group uses the assessment result for salary review and promotion decisions. All of the employees undergo a performance appraisal once a year. Such an appraisal provides the Group with an opportunity to assess the strengths and the areas for improvement of each individual employee, thereby enabling the Group to effectively train and develop each individual employee. The Share Option Scheme was adopted by the Company in September 2014 to recognise and acknowledge employees who have made contributions to the Group.

## PROSPECTS

The Group is confident that Hong Kong market can still provide a stable platform for its business to expand. The Group continues its effort in new product development in order to enrich health supplements portfolio and enhance the brand image as being a specialist in providing health supplements. The Group ensures that only those products with high sales volume potential should be retained in its product portfolio. At the same time, the Group will also focus on the development of the Mainland China market, especially in the health supplement market for children. The Group believes that this market will continue to benefit from the Mainland China's "three-child" policy. To seize this opportunity, the Group will continue to expand its distribution network by recruiting additional distributors and put more resources to promote corporate image in order to expand its customer base.

The Group has outlined the following strategies for its future business development, with caution but aim to creating values for the Shareholders:

(a) **To continue enhancing brand recognition of the Group's own brands**

The Group has developed the "Hin Sang (衍生)" brand into a well-recognised brand in Hong Kong through an effective targeted advertising program which is well-positioned emphasizing on product safety and quality.

The Group continued focusing on and applying its brand strategies of multichannel marketing and diverse product portfolios. The Group adopted a market oriented research and product development strategy to meet evolving customer demands and needs while achieving rapid growth. The Group's new product development initiative for the coming year will focus on developing more products in mother and children health supplements in Hong Kong and the Mainland China.

(b) **To expand the manufacturing arm of the Group**

As part of the Group's plan to enhance the production efficiency of its own brand products in order to capture future opportunities, the Group has developed a production plant for manufacturing health supplements in Yunfu City of the Guangdong Province, the PRC, aiming to reduce the product cost by self-production rather than Original Equipment Manufacturer ("OEM") to outside supplier, and increase efficiency and attaining more stringent quality control on its own brand healthcare products.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (c) To expand e-commerce for own-branded products

The Group will continue to enhance its e-commerce platform which focus on online sales of the products under “Hin Sang (衍生)”, through which customers, particularly those in the Mainland China can place orders online and enjoy home delivery services. Due to the gradual popularity of online shopping, especially in the Mainland China market, revenue from e-commerce platforms accounted for approximately HK\$15.0 million (2021: HK\$15.5 million) of the total revenue of the Group for the Period. The Group will continue to introduce more high quality health supplements on the online platforms to expand our product portfolio and market scale.

## FINANCIAL REVIEW

### Revenue

The Group's revenue was approximately HK\$41.0 million for the Period as compared to HK\$42.7 million for the same period in 2021, representing a decrease of approximately 4.0%. Such decrease was mainly due to the decrease in its sales of products under the Product Development Segment.

During the Period, the revenue generated from the Product Development Segment decreased by approximately HK\$1.6 million, representing a decrease of approximately 4.0% as compared to the same period in 2021, which was mainly due to the decline in revenue from the Mainland China market. The revenue generated from the Brand Development and Management Segment increased by approximately HK\$0.4 million, representing an increase of approximately 70.8% as compared to the same period in 2021. Revenue generated from Trading of Goods Segment increased by approximately HK\$0.4 million, representing an increase of approximately 207.5% as compared to the same period in 2021. Revenue generated from the Healthcare Segment decreased by approximately HK\$0.9 million, representing a decrease of approximately 68.8% as compared to the same period in 2021.

### Cost of Sales

The Group's cost of sales decreased by 4.6% from approximately HK\$22.5 million for the six months ended 30 September 2021 to approximately HK\$21.5 million for the Period. The reason for the decrease was primarily due to the decrease in sales under the Product Development Segment as compared to same period in 2021.

### Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately 3.4% from approximately HK\$20.2 million for the six months ended 30 September 2021 to approximately HK\$19.5 million for the Period. The gross profit margin for the Period slightly increased from approximately 47.3% for the six months ended 30 September 2021 to 47.6% for the Period, which was resulted from the increase in sales of higher profit margin products from the Product Development Segment.

### Other Income

The Group's other income increased by approximately 284.3% from approximately HK\$1.0 million for the six months ended 30 September 2021 to approximately HK\$3.7 million for the Period, which was mainly attributable to the increase in government grants from approximately HK\$0.2 million for the six months ended 30 September 2021 to approximately HK\$2.2 million for the Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Other Gains and Losses

The Group recorded other losses of approximately HK\$1.7 million for the Period, as compared to other gains of approximately HK\$9.7 million for the six months ended 30 September 2021. The change was mainly attributable to a one-off gain on disposal of property, plant and equipment of approximately HK\$9.8 million for the six months ended 30 September 2021.

### Selling and Distribution Expenses

The selling and distribution expenses decreased by approximately 27.6% from approximately HK\$3.7 million for the six months ended 30 September 2021 to approximately HK\$2.6 million for the Period. Such decrease in selling and distribution expenses was attributable to the decrease in advertising expenses in Hong Kong due to the change of the Group's marketing and advertising strategy by conducting more online marketing and advertising rather than on TV media in Hong Kong.

### Administrative Expenses

The administrative expenses decreased by approximately 4.2% from approximately HK\$38.4 million for the six months ended 30 September 2021 to approximately HK\$36.7 million for the Period, which was mainly attributable to the decrease in staff costs from approximately HK\$12.6 million for the six months ended 30 September 2021 to approximately HK\$11.5 million for the Period.

### Taxation

The Group's income tax expense slightly decreased from approximately HK\$251,000 for the six months ended 30 September 2021 to approximately HK\$216,000 for the Period. The decrease in income tax expense was in line with the decrease in assessable profits in Hong Kong for the Period compared to that for the six months ended 30 September 2021.

### Loss for the Period

During the Period, the Group recorded a net loss of approximately HK\$24.2 million, compared to a net loss of approximately HK\$17.9 million for the six months ended 30 September 2021.

### Other Comprehensive Expense

The other comprehensive expense decreased by approximately 83.1% from approximately HK\$6.6 million for the six months ended 30 September 2021 to approximately HK\$1.1 million for the Period. Although the Group recorded exchange loss on translating foreign operations of approximately HK\$15.4 million for the Period, as compared to exchange gain on translating foreign operations of approximately HK\$2.6 million for the six months ended 30 September 2021, the Group recorded a fair value gain on financial assets at fair value through other comprehensive income of approximately HK\$14.3 million for the Period, as compared to a fair value loss on financial assets at fair value through other comprehensive income of approximately HK\$9.2 million for the six months ended 30 September 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial assets at Fair Value through Other Comprehensive Income

During the Period, the Group held certain investments for medium to long term purpose, and it represented investment in two listed equity securities and one unlisted equity security which are stated at fair value.

The first listed equity security represents 118,765,000 shares in Fullshare (stock Code: 607), and there was no acquisition or disposal of the shares of Fullshare during the Period. Fullshare is principally engaged in property, tourism, investment and financial services, healthcare and education and new energy businesses. As at 30 September 2022, the carrying amount of these shares amounted to approximately HK\$27.2 million (31 March 2022: HK\$13.8 million), with the fair value gain of approximately HK\$13.4 million being recognised as other comprehensive income for the Period, and these shares represented approximately 0.4% of the issued ordinary shares of Fullshare as at 30 September 2022. The carrying amount of these shares represented approximately 4.3% of the total assets of the Group as at 30 September 2022.

The second listed equity security represents 45,411,600 shares in Nanjing Sinolife United Company Limited (“Nanjing Sinolife”) (stock code: 3332). There was no acquisition or disposal of the shares of Nanjing Sinolife during the Period. Nanjing Sinolife is principally engaged in the manufacturing and sale of nutritional supplements and the trading of packaged health food products in the PRC, Australia and New Zealand. As at 30 September 2022, the carrying amount of these shares amounted to approximately HK\$6.9 million (31 March 2022: HK\$5.0 million), with the fair value gain of approximately HK\$1.9 million being recognised as other comprehensive income for the Period. These shares represented approximately 16.7% and 4.8% of the issued H shares and the total issued ordinary shares of Nanjing Sinolife respectively as at 30 September 2022. The carrying amount of these shares represented approximately 1.1% of the total assets of the Group as at 30 September 2022.

The fair value of these securities as at the date of this report was approximately HK\$18.3 million.

The unlisted equity security represents 10% equity interest in Hin Hong Homologous (Guangdong) Brand Management Company Limited\* (衍康同源(廣東)品牌管理有限公司) (“Hin Hong”), a company incorporated in the PRC in January 2022. Hin Hong opened chain stores in the name of “Pengzu Hin Sang Pavilion\* (彭祖衍生館)” (the “Chain Stores”) in the PRC, exclusively selling products supplied by the Group. Due to the COVID-19 pandemic, the progress of opening of the Chain Stores was adversely delayed than anticipated. Thus, a termination agreement was entered into and the 10% equity interest in Hin Hong was disposed on 3 August 2022. For details, please refer to the Company’s announcement dated 3 August 2022.

### Inventories

The Group’s inventories decreased by approximately 31.5% from approximately HK\$27.3 million as at 31 March 2022 to approximately HK\$18.7 million as at 30 September 2022, which was primarily due to the decrease in finished goods for distribution by approximately 28.6% from approximately HK\$21.3 million as at 31 March 2022 to approximately HK\$15.2 million as at 30 September 2022.

### Trade Receivables

The Group’s trade receivables decreased by approximately 51.4% from approximately HK\$12.4 million as at 31 March 2022 to approximately HK\$6.0 million as at 30 September 2022, which was primarily attributable to the decrease in trade receivables from distributors arising from the purchase of healthcare products of the Product Development Segment.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Trade Payables

The Group's trade payables decreased by approximately 48.7% from approximately HK\$11.9 million as at 31 March 2022 to approximately HK\$6.1 million as at 30 September 2022.

### Liquidity, Gearing Ratio and Capital Structure

The Group's bank balances and cash were mainly denominated in HKD and RMB. The bank balances decreased from approximately HK\$14.4 million as at 31 March 2022 to approximately HK\$11.2 million as at 30 September 2022. As at 30 September 2022, the Group had HK\$296.1 million bank borrowings; and the amount of unutilised banking facilities was approximately HK\$28.9 million. The gearing ratio (total debts divided by total equity) as at 30 September 2022 was 1.1 (31 March 2022: 1.1). The current ratio (total current assets divided by total current liabilities) as at 30 September 2022 was 0.2 (31 March 2022: 0.3).

### Contingent Liabilities

As at 30 September 2022, the Directors were not aware of any significant events that would have resulted in material contingent liabilities (31 March 2022: Nil).

### Charges on the Group's Assets

As at 30 September 2022, the carrying value of the assets of the Group were pledged in favor of banks was approximately HK\$489.2 million (31 March 2022: HK\$530.6 million).

### Capital Commitments

As at 30 September 2022, the Group did not have any capital commitment in respect of the acquisition of property, plant and equipment (31 March 2022: Nil).

### Financial Management and Policy

The Group continues to adopt prudent financing and treasury policies. The Group's entire financing and treasury activities are centrally managed and controlled. Implementation of the Group's related policies is made under collective but extensive considerations on liquidity risk, financing cost and exchange rate risk. The executive Directors, with the assistance of the Group's financial controller, are responsible for identifying, reviewing, evaluating and analyzing the investment opportunities of the Group. The executive Directors also regularly monitor the cash position and funding requirements of the Group.

### Strategy for Investment

The Group will adopt a prudent approach for its investment strategy and will be cautious in the selection of business partners that will bring synergy after consideration of aspects like finance, nature of business, clientele and expertise in areas complementary to existing business of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Use of Proceeds from Subscription

The Company completed a subscription of new shares in June 2016 (the "Subscription") and the net proceeds of the Subscription were used to invest in a joint venture company (established with Fullshare in July 2016). The following table discloses proceeds from the Subscription and the Shareholder's Loan injected or to be injected into the joint venture company during the period ended 30 September 2022:

Source of Fund (HK\$'000)	Capital Structure	Remaining to be injected as at 31 March 2022	Injected for the period ended 30 September 2022	Remaining to be injected as at 30 September 2022
Subscription of JV Shares by the Company (51%) of HK\$60,000,000	30,600	-	-	-
Subscription of JV Shares by Fullshare (49%) of HK\$60,000,000	29,400	-	-	-
Shareholder's loan from the Company	69,400	34,910	-	34,910
Controlling Shareholder's loan from Genwealth	58,280	58,280	-	58,280
	187,680	93,190	-	93,190

### Interim Dividend

The Board has resolved not to pay an interim dividend for the Period (six months ended 30 September 2021: Nil).

### Material Acquisition and Disposals and Significant Investments

The Group had no significant investments and material acquisition or disposal during the Period.

## OTHER INFORMATION

### PURCHASE, SALE OR REDEMPTION OF SHARES

During the Period, neither the Company nor any of its subsidiaries had purchased, sold and redeemed any of the Shares.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2022, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which had been 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 of which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required to be disclosed, under the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

#### (a) Long positions in Shares

Name of Director	Capacity	Number of Shares held	Approximate percentage of shareholding (Note 3)
Mr. Pang Siu Hin	Interest of spouse (Note 1)	13,608,000	1.25%
	Interest of a controlled corporation and family interest (Note 2)	554,242,000	50.76%
Ms. Kwan Lai Man	Beneficial owner	13,608,000	1.25%
	Interest of a controlled corporation and family interest (Note 2)	554,242,000	50.76%

Note 1: Mr. Pang Siu Hin is the spouse of Ms. Kwan Lai Man. Therefore, he is deemed to be interested in the Shares held by Ms. Kwan Lai Man under the SFO.

Note 2: Genwealth is beneficially owned as to 90% by Mr. Pang Siu Hin and 10% by Ms. Kwan Lai Man. Accordingly, Mr. Pang Siu Hin and Ms. Kwan Lai Man are deemed to be interested in the 554,242,000 Shares held by Genwealth under the SFO.

Note 3: This percentage was compiled based on the Shares in issue as at 30 September 2022 (i.e. 1,091,796,000 shares).

## OTHER INFORMATION

### (b) Long positions in the underlying shares of the Company

Name of Director	Capacity	Number of options held	Number of underlying Shares	Approximate percentage of shareholding (Note 2)
Mr. Pang Siu Hin	Beneficial owner	8,125,000	8,125,000	0.74%
	Interest of spouse (Note 1)	5,885,000	5,885,000	0.54%
		14,010,000	14,010,000	1.28%
Ms. Kwan Lai Man	Beneficial owner	5,885,000	5,885,000	0.54%
	Interest of spouse (Note 1)	8,125,000	8,125,000	0.74%
		14,010,000	14,010,000	1.28%

Note 1: Mr. Pang Siu Hin is the spouse of Ms. Kwan Lai Man. Each of Mr. Pang Siu Hin and Ms. Kwan Lai Man is therefore deemed to be interested in the Shares held by each other.

Note 2: This percentage was compiled based on the Shares in issue as at 30 September 2022 (i.e. 1,091,796,000 shares).

### (c) Long positions in Genwealth, an associated corporation of the Company

Name of Director	Capacity	Number of Shares held	Approximate percentage of shareholding
Mr. Pang Siu Hin	Beneficial owner	36,000	90%
Ms. Kwan Lai Man	Beneficial owner	4,000	10%

Save as disclosed above, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions therein that they shall be deemed to have pursuant to such provisions of the SFO), or any interests or short positions which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or any interests or short positions which have to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 September 2022.

## OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 30 September 2022, so far as it is known to the Directors, the following persons, not being a Director or chief executive of the Company, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

#### Long positions in Shares

Name of substantial Shareholder	Capacity	Number of Shares held	Approximate percentage of shareholding (Note 2)
Genwealth	Beneficial owner	554,242,000	50.76%
Viewforth Limited	Beneficial owner (Note 1)	250,000,000	22.90%
Fullshare	Interest of a controlled corporation (Note 1)	250,000,000	22.90%

Note 1: The 250,000,000 Shares are held by Viewforth Limited. Viewforth Limited is wholly-owned by Fullshare and therefore, Fullshare is deemed to be interested in the same number of Shares held by Viewforth Limited under the SFO.

Note 2: This percentage was compiled based on the Shares in issue on 30 September 2022 (i.e. 1,091,796,000 shares).

Save as disclosed above, so far as it is known to the Directors, there was no other person (other than a Director or chief executive of the Company) who had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under section 336 of the SFO as at 30 September 2022.

## OTHER INFORMATION

### SHARE OPTION SCHEME

The Company adopted two share option schemes on 25 September 2014, namely the Pre-IPO Share Option Scheme and the Share Option Scheme under the written resolutions of the then sole Shareholder.

#### (1) Pre-IPO Share Option Scheme

The purpose of Pre-IPO Share Option Scheme is to recognize the contribution of certain employees, executives or officers of the Group made or will make to the growth of the Group and/ or the listing of Shares on the Stock Exchange. The Pre-IPO Share Option Scheme is valid and effective for a period from 25 September 2014 to 15 October 2014, after which no further options will be granted. Each option gives the holder the right to subscribe for one Share. The total number of Shares which may be issued upon exercise of all options granted under the Pre-IPO Share Option Scheme shall not in aggregate exceed 24,640,000 Shares, representing 3.1% of total number of Shares in issue as at 30 September 2014. The offer of a grant of share options shall be accepted when the offer letter has been duly signed and a consideration of HK\$1 in total has been paid by the grantee.

The exercise price per option under the Pre-IPO Share Option Scheme is HK\$0.826, being 30% discount of the offering price per Share in the Company's initial public offer on 16 October 2014.

As at 30 September 2022, the total number of share options under the Pre-IPO Share Option Scheme is 8,928,000. During the Period, no options were granted, exercised or forfeited. Details of the Pre-IPO Share Option Scheme has been disclosed in the Company's prospectus dated 30 September 2014.

The following table discloses movements in the Company's share options granted under the Pre-IPO Share Option Scheme during the Period:

Category or name of participant	Date of grant	Exercise price per Share (HK\$)	Exercise period	As at 1 April 2022	Granted during the period	Forfeited during the period	Exercised during the period	As at 30 September 2022
<b>Director</b>								
Mr. Pang Siu Hin	25/9/2014	0.826	16/10/2018 – 24/9/2024	2,720,000	–	–	–	2,720,000
	25/9/2014	0.826	16/10/2019 – 24/9/2024	2,720,000	–	–	–	2,720,000
				<u>5,440,000</u>	–	–	–	<u>5,440,000</u>
Ms. Kwan Lai Man	25/9/2014	0.826	16/10/2018 – 24/9/2024	1,600,000	–	–	–	1,600,000
	25/9/2014	0.826	16/10/2019 – 24/9/2024	1,600,000	–	–	–	1,600,000
				<u>3,200,000</u>	–	–	–	<u>3,200,000</u>
<b>Employees</b>								
Employees at aggregate	25/9/2014	0.826	16/10/2019 – 24/9/2024	288,000	–	–	–	288,000
				<u>288,000</u>	–	–	–	<u>288,000</u>
<b>Total</b>				<u>8,928,000</u>	–	–	–	<u>8,928,000</u>

## OTHER INFORMATION

### (2) Share Option Scheme

The Share Option Scheme is a share incentive scheme and is established to recognize and acknowledge the contributions that Eligible Participants (as defined below) have made or may make to the Group so as to motivate the Eligible Participants to optimize their performance and efficiency for the benefit of the Group, and to attract, retain or otherwise maintain ongoing business relationship with the Eligible Participants whose contributions are, will or expected to be beneficial to the Group. The Share Option Scheme shall be valid and effective for a period of ten years commencing on 16 October 2014, after which no further options will be issued. Each option gives the holder the right to subscribe for one Share. The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes shall not in aggregate exceed 80,000,000 Shares (10% of the Shares in issue as at the date of listing of the Shares), unless approved by the Shareholders in general meeting. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of Shares in issue from time to time. No option may be granted to any Eligible Participant which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the options already granted or to be granted to such Eligible Participant under the Share Option Scheme (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue as at the date of such grant. The offer of a grant of share options shall be accepted when the offer letter has been duly signed and a consideration of HK\$1 in total has been paid by the grantee. The exercise period of the share options granted is determinable by the Directors and ends on a date which is not later than ten years from the date of the acceptance of the offer of share options.

Eligible Participants include: (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (the "Affiliate"); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.

The exercise price of options shares shall not be less than the highest of: (i) the closing price of the Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day; (ii) an amount equivalent to the average closing price of the Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the relevant option; and (iii) the nominal value of the Share on the date of grant.

As at 30 September 2022, the total number of share options under the Share Option Scheme is 6,270,000. During the Period, no options were granted, exercised or forfeited. Details of the Share Option Scheme have been disclosed in the Company's prospectus dated 30 September 2014.

## OTHER INFORMATION

The following table discloses movements in the Company's share options granted under the Share Option Scheme during the Period:

Category or name of participant	Date of grant	Exercise price per Share (HK\$)	Exercise period	As at 1 April 2022	Granted during the period	Forfeited during the period	Exercised during the period	As at 30 September 2022
<b>Director</b>								
Mr. Pang Siu Hin	28/4/2015	1.460	28/4/2017 – 27/4/2025	225,000	–	–	–	225,000
	28/4/2015	1.460	28/4/2018 – 27/4/2025	300,000	–	–	–	300,000
	3/10/2016	2.144	3/10/2017 – 2/10/2026	324,000	–	–	–	324,000
	3/10/2016	2.144	3/10/2018 – 2/10/2026	324,000	–	–	–	324,000
	3/10/2016	2.144	3/10/2019 – 2/10/2026	432,000	–	–	–	432,000
	21/12/2017	1.412	21/12/2018 – 20/12/2027	324,000	–	–	–	324,000
	21/12/2017	1.412	21/12/2019 – 20/12/2027	324,000	–	–	–	324,000
	21/12/2017	1.412	21/12/2020 – 20/12/2027	432,000	–	–	–	432,000
				2,685,000	–	–	–	2,685,000
Ms. Kwan Lai Man	28/4/2015	1.460	28/4/2017 – 27/4/2025	225,000	–	–	–	225,000
	28/4/2015	1.460	28/4/2018 – 27/4/2025	300,000	–	–	–	300,000
	3/10/2016	2.144	3/10/2017 – 2/10/2026	324,000	–	–	–	324,000
	3/10/2016	2.144	3/10/2018 – 2/10/2026	324,000	–	–	–	324,000
	3/10/2016	2.144	3/10/2019 – 2/10/2026	432,000	–	–	–	432,000
	21/12/2017	1.412	21/12/2018 – 20/12/2027	324,000	–	–	–	324,000
	21/12/2017	1.412	21/12/2019 – 20/12/2027	324,000	–	–	–	324,000
	21/12/2017	1.412	21/12/2020 – 20/12/2027	432,000	–	–	–	432,000
				2,685,000	–	–	–	2,685,000
<b>Employees</b>								
Employees at aggregate	28/4/2015	1.460	28/4/2017 – 27/4/2025	90,000	–	–	–	90,000
	28/4/2015	1.460	28/4/2018 – 27/4/2025	120,000	–	–	–	120,000
	18/11/2016	2.264	18/11/2017 – 17/11/2026	27,000	–	–	–	27,000
	18/11/2016	2.264	18/11/2018 – 17/11/2026	27,000	–	–	–	27,000
	18/11/2016	2.264	18/11/2019 – 17/11/2026	36,000	–	–	–	36,000
				300,000	–	–	–	300,000
<b>Consultant</b>								
Consultant at aggregate	28/4/2015	1.460	28/4/2016 – 27/4/2025	180,000	–	–	–	180,000
	28/4/2015	1.460	28/4/2017 – 27/4/2025	180,000	–	–	–	180,000
	28/4/2015	1.460	28/4/2018 – 27/4/2025	240,000	–	–	–	240,000
				600,000	–	–	–	600,000
Total				6,270,000	–	–	–	6,270,000

## OTHER INFORMATION

### CORPORATE GOVERNANCE

#### Corporate Governance Practice

The Board and senior management of the Company are committed to maintaining a high standard of corporate governance, formulating good corporate governance practice for improvement of accountability and transparency in operations, and strengthening the internal control system from time to time so as to ensure to meet with the expectations of the shareholders of the Company.

Save for the below deviations, the Company has adopted and complied with all the code provisions of the Corporate Governance Code (the “CG Code”) as set forth in Appendix 14 to the Listing Rules as its corporate governance code of practices.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Pang Siu Hin is both the chairman and the chief executive officer of the Company. In view of the fact that Mr. Pang is one of the co-founders of the Group and has been operating and managing the Group effectively since 1996, the Board believes that it is in the best interest of the Group to have Mr. Pang taking up both roles for effective management and business development with his profound knowledge and experience in the industry. The Board therefore considers that the deviation from the CG Code provision C.2.1 is reasonably justified under such circumstances.

Under code provision C.6.1 of the CG Code, the company secretary should be an employee of the issuer and have day-to-day knowledge of the issuer’s affairs. During the period from 1 April 2022 to 1 July 2022, the Company engaged Ms. Kho Polien, an external provider, as the company secretary of the Company (the “**Company Secretary**”). On 1 July 2022, the Company appointed Mr. Wong Octokid, the financial controller of the Company, as the Company Secretary. The Company has been in compliance with this code provision C.6.1 since then.

#### Model Code of Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors (the “Model Code”) as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiries with all Directors and all Directors confirmed that they have complied with the standards required by the Model Code during the Period.

#### Board

The Board is responsible for formulating group policies and business directions, and monitoring internal controls and performances. Currently, the Board has a total of seven Directors comprising two executive Directors, namely, Mr. Pang Siu Hin and Ms. Kwan Lai Man; two non-executive Directors, namely, Ms. Wong Wai Ling and Ms. Tian Shanshan; and three independent non-executive Directors, namely, Mr. Lau Chi Kit, Mr. Lee Luk Shiu and Dr. Tang Sing Hing, Kenny. Mr. Pang is the chairman of the Board.

## OTHER INFORMATION

### Audit Committee

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 5 November 2010 with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process, risk management and internal control system of the Group. Currently, the audit committee consists of three members who are the independent non-executive Directors, namely Mr. Lau Chi Kit, Mr. Lee Luk Shiu and Dr. Tang Sing Hing, Kenny. The chairman of the Audit Committee is Mr. Lee Luk Shiu.

### Remuneration Committee

The Company established the remuneration committee pursuant to a resolution of the Directors passed on 5 November 2010 with written terms of reference in compliance with the CG Code. The primary duties of the remuneration committee are, among other things, to review and to determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management. Currently, the remuneration committee consists of four members, namely Ms. Kwan Lai Man, Mr. Lau Chi Kit, Mr. Lee Luk Shiu and Dr. Tang Sing Hing, Kenny. The chairman of the remuneration committee is Mr. Lau Chi Kit.

### Nomination Committee

The Company established the nomination committee pursuant to a resolution of the Directors passed on 5 November 2010 with written terms of reference in compliance with the CG Code. The primary function of the nomination committee is to make recommendations to the Board on the appointment or reappointment of Directors and the management of the Board succession. Currently, the nomination committee consists of four members, namely Ms. Kwan Lai Man, Mr. Lau Chi Kit, Mr. Lee Luk Shiu and Dr. Tang Sing Hing, Kenny. The chairman of the nomination committee is Dr. Tang Sing Hing, Kenny.

### Risk Management and Internal Control

The Board is responsible for overseeing the Group's risk management and internal control systems and reviewing its effectiveness, particularly in respect of risk management and controls on governance, financial, operational, and compliance, to safeguard stakeholders' interests and the Group's assets. The systems are designed to manage rather than eliminate the risks of failure in achieving the Company's objectives. The systems are designed to provide reasonable, but not absolute, assurance in the following aspects:

- compliance with applicable laws, regulations, contracts, policies and procedures
- effectiveness of risk management process
- reliability and integrity of financial reporting
- effectiveness and efficiency of operations
- prevention and detection of fraud and irregularities

The Board, through the Audit Committee, conducted a review of the effectiveness of the system of risk management and internal control system of the Group, including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function. The Audit Committee oversees the system of risk management and internal control of the Group and continuously communicates any material issues to the Board.

## OTHER INFORMATION

### Risk Management Framework

The Group's risk management framework provides a systematic approach to risk management process, which is inlaid in the system of internal controls as an integral part of corporate governance. The risk management framework helps to sustain business success, creates value for stakeholders and supports the Board in discharging its corporate governance responsibilities by proactively identifying, addressing and managing key risks within the Group. The risk management framework is aligned with the Committee of the Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Integrated Framework, in which the management takes direct risk management responsibilities and reports to the risk management core group as risk owners.

Details of the risk management framework are set out in the Corporate Governance Report on pages 108 to 109 of the Company's 2021/22 Annual Report.

### Quality Management System

The Group launches its brands and acts as an agency of personal care and health products for international brands, as a result, the Group has strict control of product quality. The reporting scope has adopted the ISO 9001 quality management system to ensure effective procedures and processes are adopted for the production of excellent and safe products. Upon receipt of materials, the quality inspection process is clearly defined and implemented according to the relevant regulations. Each batch of products shall only be formally released after it passed the inspection. All food, Chinese medicine products must go through the testing on remained pesticides, heavy metals, and micro-organisms. All products which fall within the definition of proprietary Chinese medicines under the Chinese Medicine Ordinance are regulated and must meet the requirements in respect to safety, quality and efficacy before they can be registered. The Group regularly monitors the production and quality inspection procedures of the suppliers to verify and confirm the suppliers' capabilities in the provision of compliant and safe products to the Group.

The Group has established the crisis management team for handling emergency issues and formulating emergency instruction for remediation of any issues and potential risks incurred from product safety.

### Internal Audit Function

The internal audit department ("IAD") is an independent and objective body, which directly reports to the Audit Committee on a quarterly basis and the manager of IAD has a direct access to the chairman of the Audit Committee.

The IAD has unlimited access to review all Group's activities, internal control, risk management, and corporate governance related issues. One of the functions is to assist the Board to independently assess the effectiveness and adequacy of the internal control systems and risk management process and, more importantly, to seek continuous improvement.

To keep abreast of the company's growth and latest business development, the IAD will always review its adequacy and competency of knowledge and attend corresponding workshops and/or seminars whenever thinks fit.

## OTHER INFORMATION

### Internal Audit Activities

The IAD has adopted a risk-management based approach in developing the annual internal audit planning memorandum, which corresponds to the risk management framework. Risk assessment, which is regarded as a major and dynamic process, is performed on a regular basis so as to identifying, prioritizing and scoping business activities and simultaneously to covering business activities with significant risks across the Group. The Audit Committee reviews and approves the annual internal audit planning memorandum. In each individual audit assignment, significant financial, operational, compliance and fraud risk areas are further assessed in order to evaluate control effectiveness and any mitigation efforts raised by the management.

All audit findings and corresponding recommendations on control deficiencies of each audit assignment are well communicated to the management, who needs to establish any remedial actions to correct those control deficiencies within a reasonable period of time. Subsequent reviews are purposefully done to monitor whether those remedial actions have been performed right on time and correctly. Significant deficiencies of individual assignment are reported to and reviewed by the Audit Committee.

Through the on-going review of the adequacy and effectiveness of the management's awareness of some key operational processes, the IAD discharges its duties of performing audit assignment on those areas on an ad hoc basis if necessary.

### Review of Risk Management and Internal Control Effectiveness

Through the Audit Committee, the Board has conducted annual review of the effectiveness of the Group's risk management and internal control systems for the Period, covering all significant financial, operational and compliance controls, and it has considered the Group's risk management and internal control system to be effective and adequate. There was no suspected material irregularities found or significant areas of concern identified during the Period that might affect the Shareholders.

## CHANGES IN INFORMATION OF DIRECTORS

There is no change in the information of the Director(s) required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the last annual report of the Company.

## REVIEW OF INTERIM RESULTS

This unaudited condensed consolidated interim financial information of the Group for the Period, which is contained in this interim report, has been reviewed by the Audit Committee.

By Order of the Board  
**Pang Siu Hin**  
*Chairman*

Hong Kong, 29 November 2022

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Note	Six months ended 30 September	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue	3	40,986	42,697
Cost of sales		(21,467)	(22,495)
Gross profit		19,519	20,202
Other income	5	3,693	961
Other gains and losses	6	(1,725)	9,745
Selling and distribution expenses		(2,645)	(3,652)
Administrative expenses		(36,726)	(38,350)
Finance costs	7	(6,137)	(6,560)
Loss before tax		(24,021)	(17,654)
Income tax expense	8	(216)	(251)
Loss for the period	9	(24,237)	(17,905)
Other comprehensive income/(expense)			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain/(loss) on financial assets at fair value through other comprehensive income		14,297	(9,243)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(15,408)	2,652
Other comprehensive expense for the period		(1,111)	(6,591)
Total comprehensive expense for the period		(25,348)	(24,496)
Loss for the period attributable to:			
– Owners of the Company		(24,222)	(17,212)
– Non-controlling interests		(15)	(693)
		(24,237)	(17,905)
Total comprehensive expense for the period attributable to:			
– Owners of the Company		(25,028)	(24,044)
– Non-controlling interests		(320)	(452)
		(25,348)	(24,496)
Loss per share			
Basic (HK cents)	11	(2.22)	(1.58)
Diluted (HK cents)		(2.22)	(1.58)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Notes	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		318,385	362,371
Right-of-use assets		217,004	230,204
Investment properties		13,815	10,243
Financial assets at fair value through profit or loss		6,416	6,029
Deposits for acquisition of property, plant and equipment		-	17
Financial assets at fair value through other comprehensive income	12	34,054	19,757
Deferred tax assets		389	389
		<b>590,063</b>	629,010
<b>Current assets</b>			
Inventories		18,682	27,258
Trade and other receivables	13	11,896	19,413
Financial assets at fair value through profit or loss		2,139	3,182
Tax refundable		347	513
Bank balances and cash		11,246	14,395
		<b>44,310</b>	64,761
<b>Total assets</b>		<b>634,373</b>	693,771

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Notes	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
<b>Current liabilities</b>			
Trade and other payables	14	39,619	49,626
Contract liabilities		17,582	18,615
Bank borrowings		127,493	119,108
Lease liabilities		488	967
Current tax liabilities		2,354	2,394
		<b>187,536</b>	190,710
<b>Net current liabilities</b>		<b>(143,226)</b>	(125,949)
<b>Total assets less current liabilities</b>		<b>446,837</b>	503,061
<b>Non-current liabilities</b>			
Bank borrowings		168,632	199,508
Lease liabilities		1,325	1,325
Deferred tax liabilities		428	428
		<b>170,385</b>	201,261
<b>Net assets</b>		<b>276,452</b>	301,800
<b>Capital and reserves</b>			
Share capital	15	109,180	109,180
Reserves		167,386	192,414
Equity attributable to owners of the Company		<b>276,566</b>	301,594
Non-controlling interests		(114)	206
<b>Total equity</b>		<b>276,452</b>	301,800

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Revaluation reserve HK\$'000	Foreign currency translation reserve HK\$'000	Share options reserve HK\$'000	(Accumulated losses)/ Retained profits HK\$'000	Amount recognised as other comprehensive income for assets held for sale HK\$'000	Subtotal HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
As at 1 April 2021 (audited)	109,180	705,890	(71,463)	(441,885)	(6,354)	8,952	13,789	169	318,278	1,297	319,575
Loss for the period	-	-	-	-	-	-	(17,212)	-	(17,212)	(693)	(17,905)
Other comprehensive expense for the period	-	-	-	-	-	-	-	-	-	-	-
- Fair value loss on financial assets at fair value through other comprehensive income	-	-	-	(9,243)	-	-	-	-	(9,243)	-	(9,243)
- Exchange differences on translating foreign operations	-	-	-	-	2,411	-	-	-	2,411	241	2,652
Total comprehensive income/(expense) for the period	-	-	-	(9,243)	2,411	-	(17,212)	-	(24,044)	(452)	(24,496)
Reserves released on disposal of properties	-	-	-	-	-	-	169	(169)	-	-	-
As at 30 September 2021 (unaudited)	109,180	705,890	(71,463)	(451,128)	(3,943)	8,952	(3,254)	-	294,234	845	295,079
As at 1 April 2022 (audited)	109,180	705,890	(71,463)	(451,950)	(1,063)	8,952	2,048	-	301,594	206	301,800
Loss for the period	-	-	-	-	-	-	(24,222)	-	(24,222)	(15)	(24,237)
Other comprehensive expense for the period	-	-	-	-	-	-	-	-	-	-	-
- Fair value loss on financial assets at fair value through other comprehensive income	-	-	-	14,297	-	-	-	-	14,297	-	14,297
- Transfer upon disposal	-	-	-	1,043	-	-	(1,043)	-	-	-	-
- Exchange differences on translating foreign operations	-	-	-	-	(15,103)	-	-	-	(15,103)	(305)	(15,408)
Total comprehensive income/(expense) for the period	-	-	-	15,340	(15,103)	-	(25,265)	-	(25,028)	(320)	(25,348)
As at 30 September 2022 (unaudited)	109,180	705,890	(71,463)	(436,610)	(16,166)	8,952	(23,217)	-	276,566	(114)	276,452

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Net cash generated from/(used in) operating activities	4,542	(8,664)
Net cash generated from investing activities	1,120	15,779
Net cash used in financing activities	(6,659)	(8,492)
Net decrease in cash and cash equivalents	(997)	(1,377)
Cash and cash equivalents at the beginning of the period	13,049	15,143
Effect of foreign exchange rate changes	(806)	1,393
Cash and cash equivalents at the end of the period	11,246	15,159
Representing:		
Bank balances and cash	11,246	15,159

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The Group incurred a net loss of approximately HK\$24,237,000 during the period ended 30 September 2022 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$143,226,000. In view of these circumstances and the impact of COVID-19, the Group has been continuously implementing measures to improve its profitability and operating performance and to mitigate the liquidity pressure. These measures include (1) implementing business strategies to enhance the production efficiency of the Group’s own brand products and aiming to reduce the product cost by self-production, (2) continuing its measures to control administrative and operating costs, and (3) looking for other sources of finance including equity financing to enhance the capital structure and reduce the overall finance costs.

With respect to the Group’s bank financing, the Group maintains continuous communication with its principal banks. The directors of the Company are not aware of any intention of the principal banks to withdraw their banking facilities or require early repayment of the bank borrowings. Taking into account the good track record and relationships with the banks and the fair value of the pledged properties, the directors believe that the Group will be able to renew the banking facilities upon maturity dates.

The directors have assessed the Group’s cash flow projections cover a period of not less than twelve months from 30 September 2022. The key factors that are taken into account by management in the cash flow projections include the anticipated cash flows from the Group’s operations, capital expenditures, continuous availability of banking facilities and the impact of COVID-19. The Group’s ability to achieve the projected cash flows depends on management’s ability to successfully implement the aforementioned improvement measures on profitability and liquidity and the continuous availability of banking facilities.

The directors are of the opinion that, taking into account the expected renewals of the bank borrowings and the unutilised banking facilities, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 September 2022. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 2. PRINCIPAL ACCOUNTING POLICIES

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

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

### Application of amendments to HKFRSs

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

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 3. REVENUE FROM CONTRACTS WITH CUSTOMERS

#### Disaggregation of revenue

	For the six months ended 30 September 2022 (unaudited)				
	Product Development Segment	Brand Development and Management Segment	Trading of Goods Segment	Healthcare Segment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Type of goods and service</b>					
Sales of healthcare products	34,869	-	4	-	34,873
Sales of personal care products	4,216	885	611	-	5,712
Sales of household products	-	-	-	-	-
Healthcare service	-	-	-	401	401
<b>Total</b>	<b>39,085</b>	<b>885</b>	<b>615</b>	<b>401</b>	<b>40,986</b>
<b>Geographical markets</b>					
Hong Kong, China	18,987	885	615	-	20,487
Mainland China	20,098	-	-	401	20,499
<b>Total</b>	<b>39,085</b>	<b>885</b>	<b>615</b>	<b>401</b>	<b>40,986</b>
<b>Timing of revenue recognition</b>					
A point of time	39,085	885	615	401	40,986

	For the six months ended 30 September 2021 (unaudited)				
	Product Development Segment	Brand Development and Management Segment	Trading of Goods Segment	Healthcare Segment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Type of goods and service</b>					
Sales of healthcare products	36,691	-	144	-	36,835
Sales of personal care products	3,698	459	56	-	4,213
Sales of household products	306	59	-	-	365
Healthcare service	-	-	-	1,284	1,284
<b>Total</b>	<b>40,695</b>	<b>518</b>	<b>200</b>	<b>1,284</b>	<b>42,697</b>
<b>Geographical markets</b>					
Hong Kong, China	17,984	518	200	599	19,301
Mainland China	22,711	-	-	685	23,396
<b>Total</b>	<b>40,695</b>	<b>518</b>	<b>200</b>	<b>1,284</b>	<b>42,697</b>
<b>Timing of revenue recognition</b>					
A point of time	40,695	518	200	1,284	42,697

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 4. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segment.

### Six months ended 30 September 2022 (unaudited)

	Product Development Segment HK\$'000	Brand Development and Management Segment HK\$'000	Trading of Goods Segment HK\$'000	Healthcare Segment HK\$'000	Total HK\$'000
Revenue External sales	39,085	885	615	401	40,986
Segment (loss)/profit	(15,934)	(32)	607	(427)	(15,786)
Interest income					32
Loss arising on financial assets measured at fair value through profit or loss					933
Unallocated expenses					(3,063)
Finance costs					(6,137)
Loss before tax					(24,021)

### Six months ended 30 September 2021 (unaudited)

	Product Development Segment HK\$'000	Brand Development and Management Segment HK\$'000	Trading of Goods Segment HK\$'000	Healthcare Segment HK\$'000	Total HK\$'000
Revenue External sales	40,695	518	200	1,284	42,697
Segment loss	(5,960)	(38)	(4)	(1,811)	(7,813)
Interest income					55
Loss arising on financial assets measured at fair value through profit or loss					(708)
Unallocated expenses					(2,628)
Finance costs					(6,560)
Loss before tax					(17,654)

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 5. OTHER INCOME

	Six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest income on bank deposits	32	55
Rental income	231	305
Government grants	2,210	234
Others	1,220	367
	<b>3,693</b>	961

### 6. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Loss on fair value change of financial assets at fair value through profit or loss	(656)	(708)
(Loss)/Gain on disposal of property, plant and equipment	(6)	9,788
Loss on revaluation of property, plant and equipment and right-of-use assets	(635)	-
Gain on lease termination	-	263
Net foreign exchange (loss)/gain	(428)	402
	<b>(1,725)</b>	9,745

### 7. FINANCE COSTS

	Six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest expense on bank loans	6,101	6,458
Interest expense on lease liabilities	36	102
	<b>6,137</b>	6,560

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Current tax:		
Hong Kong Profits Tax	215	251
PRC Enterprise Income Tax	1	–
	<b>216</b>	251

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

Under the Law of the People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the period.

## 9. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	9,663	6,647
Depreciation of right-of-use assets	3,622	4,548

## 10. DIVIDENDS

No dividends were paid, declared or proposed during the interim period (2021: Nil). The Directors have determined that no dividend will be paid in respect of the interim period (2021: Nil).

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 11. LOSS PER SHARE

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

	Six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<b>Loss</b>		
Loss for the purpose of basic and diluted loss per share (Loss for the period attributable to owners of the Company)	(24,222)	(17,212)

	Six months ended 30 September	
	2022	2021
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	1,091,796,000	1,091,796,000
Effect of dilutive potential ordinary shares:		
– Share options	–	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	1,091,796,000	1,091,796,000

The computation of diluted loss per share for the six months ended 30 September 2022 and 2021 does not assume the exercise of the Company's share options since their assumed exercise would result in a decrease in loss per share.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Equity securities listed in Hong Kong	34,054	18,772
Unlisted equity securities	–	985
	<b>34,054</b>	<b>19,757</b>

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 13. TRADE AND OTHER RECEIVABLES

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Trade receivables	8,405	14,777
Less: Allowance for credit losses	(2,373)	(2,373)
	<b>6,032</b>	12,404
Prepayments to suppliers	3,124	1,373
Prepayments for other expenses	2,134	1,620
Deposits	606	489
Value-added tax recoverable	-	3,527
	<b>11,896</b>	19,413

The Group's sales to most customers are made on cash on delivery, whilst the Group generally allows an average credit period of 60 days (with 15 days of grace period in certain cases) to certain major trade customers with established trading records.

The following is an aging analysis of the Group's trade receivables net of allowance for credit losses at the end of the reporting period, presented based on invoice date:

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
0-30 days	2,890	9,975
31-60 days	955	479
61-90 days	739	315
91-365 days	-	1,635
Over 365 days	1,448	-
	<b>6,032</b>	12,404

## 14. TRADE AND OTHER PAYABLES

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Trade payables	6,103	11,901
Accruals and other payables	33,516	37,725
	<b>39,619</b>	49,626

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 14. TRADE AND OTHER PAYABLES (Continued)

The following is an aging analysis of the Group's trade payables at the end of the reporting period, presented based on invoice date:

	<b>As at 30 September 2022 (Unaudited) HK\$'000</b>	As at 31 March 2022 (Audited) HK\$'000
0-30 days	984	4,134
31-60 days	1,050	1,692
61-90 days	829	558
Over 90 days	3,240	5,517
	<b>6,103</b>	11,901

### 15. SHARE CAPITAL

Ordinary shares of HK\$0.1 each

	<b>Number of shares</b>	<b>Share capital HK\$'000</b>
<b>Authorised:</b>		
At 1 April 2022 and 30 September 2022 (unaudited)	2,000,000,000	200,000
<b>Issued and fully paid:</b>		
At 1 April 2022 and 30 September 2022 (unaudited)	1,091,796,000	109,180

### 16. CAPITAL COMMITMENTS

	<b>As at 30 September 2022 (Unaudited) HK\$'000</b>	As at 31 March 2022 (Audited) HK\$'000
Capital expenditure contracted for but not provided for in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	-	-

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 17. RELATED PARTY DISCLOSURES

### (a) Transactions with related parties

During the current interim period, the Group entered into the following significant transactions with related parties:

	Six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Rental expenses to Directors, Mr. Pang Siu Hin and Ms. Kwan Lai Man	-	960

### (b) Compensation to key management personnel

Compensation to key management personnel of the Group which represents Directors, during the period are as follows:

	Six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Short-term benefits	2,736	2,736
Post-employment benefits	-	33
Share-based payments	-	-
	<b>2,736</b>	<b>2,769</b>

## 18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30/09/2022	31/03/2022			
	(Unaudited) HK\$'000	(Audited) HK\$'000			
Equity securities listed in Hong Kong classified as financial assets at fair value through profit or loss	2,139	1,593	Level 1	Quoted bid price in an active market	N/A
Equity securities listed in Hong Kong classified as financial assets at fair value through other comprehensive income	34,054	18,772	Level 1	Quoted bid price in an active market	N/A
Deposit and prepayments for life insurance policies classified as financial assets at fair value through profit or loss	6,416	6,029	Level 2	Quoted asset value provided by financial institution	N/A
Unlisted equity securities classified at fair value through other comprehensive income	-	985	Level 3	Discounted cash flows	Discount rate. The higher the discount rate, the lower the fair value
Call option arising from an acquisition of financial assets at fair value through other comprehensive income	-	1,589	Level 3	Binominal model- Fair value is estimated based on time -to-maturity, fair values of underlying unlisted equity investments, conversion price, risk-free rate, expected volatility and expected dividend	Volatility. The higher the volatility, the higher the fair value  Fair value of underlying unlisted equity investment. The higher the fair value of underlying unlisted equity investment, the higher the fair value

### Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

Directors estimate the fair value of financial assets and financial liabilities measured at amortised cost using the discounted cash flow analysis.

Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the condensed consolidated financial statements approximate their fair values.