Heng Tai Consumables Group Limited
亨泰消費品集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00197)

Interim Report 2022/23

The board (the "Board") of directors (the "Directors") of Heng Tai Consumables Group Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 31 December 2022 (the "Period") together with the comparative figures for the corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2022

		Six months ended 31 December	
		2022	2021
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
REVENUE	*4*	**244,474**	275,231
Cost of sales		**(227,730)**	(263,964)
GROSS PROFIT		**16,744**	11,267
Changes in fair value due to biological transformation		**(15,127)**	(13,101)
Other gains and income		**6,231**	5,086
Selling and distribution expenses		**(15,440)**	(22,198)
Administrative expenses		**(32,194)**	(30,486)
Other operating expenses		**(14,423)**	(6,566)
LOSS FROM OPERATIONS		**(54,209)**	(55,998)
Finance costs	*6*	**(342)**	(153)
LOSS BEFORE TAX		**(54,551)**	(56,151)
Income tax credit	*7*	**145**	306
LOSS FOR THE PERIOD	*8*	**(54,406)**	(55,845)
Attributable to:			
Owners of the Company		**(54,406)**	(63,426)
Non-controlling interests		**–**	7,581
		(54,406)	(55,845)
LOSS PER SHARE	*10*		
– Basic		**HK(2.59 cents)**	HK(3.34 cents)
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2022

	Six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the Period	**(54,406)**	(55,845)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Fair value change on revaluation of buildings	**(63)**	–
Deferred tax liability on revaluation of buildings	**16**	–
	(47)	–
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(10,011)**	2,767
Fair value changes on financial assets at fair value through other comprehensive income ("FVTOCI")	**–**	805
Release of reserve upon redemption of financial assets at FVTOCI	**1,915**	–
	(8,096)	3,572
Other comprehensive income for the Period, net of tax	**(8,143)**	3,572
Total comprehensive income for the Period	**(62,549)**	(52,273)
Attributable to:		
Owners of the Company	**(62,549)**	(59,854)
Non-controlling interests	**–**	7,581
	(62,549)	(52,273)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Note	**31 December 2022 (Unaudited) *HK$'000***	30 June 2022 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Fixed assets		**211,146**	188,675
Right-of-use assets		**41,654**	46,713
Construction in progress		**71,939**	107,986
Bearer plants		**91,976**	94,480
Other intangible assets		**374**	374
Other assets		**1,141**	205
Investment in a club membership		**108**	108
Investments	*11*	**74,701**	9,922
Deferred tax assets		**8,525**	8,380
		501,564	456,843
Current assets			
Biological assets		**26,563**	23,626
Inventories		**121,646**	117,842
Trade receivables	*12*	**231,363**	253,054
Prepayments, deposits and other receivables		**107,318**	99,465
Investments	*11*	**6,045**	108,188
Pledged bank deposits		**12,138**	16,167
Client trust bank balances		**2,271**	3,715
Bank and cash balances		**147,004**	145,656
		654,348	767,713
TOTAL ASSETS		**1,155,912**	1,224,556

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 31 December 2022

	Note	31 December 2022 (Unaudited) HK$'000	30 June 2022 (Audited) HK$'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	14	**210,141**	210,141
Reserves		**835,700**	898,249
		1,045,841	1,108,390
Non-controlling interests		**–**	(41)
Total equity		**1,045,841**	1,108,349
Non-current liabilities			
Lease liabilities		**6,461**	7,845
Deferred tax liabilities		**12,691**	13,308
		19,152	21,153
Current liabilities			
Trade payables	13	**70,429**	69,470
Accruals and other payables		**7,732**	10,116
Borrowings		**10,473**	12,585
Lease liabilities		**2,285**	2,883
		90,919	95,054
Total liabilities		**110,071**	116,207
TOTAL EQUITY AND LIABILITIES		**1,155,912**	1,224,556
Net current assets		**563,429**	672,659
Total assets less current liabilities		**1,064,993**	1,129,502

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022

	Unaudited										
	Attributable to owners of the Company										
	Share capital	Share premium account	Legal reserve	Foreign currency translation reserve	Property revaluation reserve	FVTOCI reserve	Special reserve	Accumulated losses	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*
At 1 July 2021	187,270	2,389,536	97	103,265	13,352	62	(86,094)	(1,305,729)	1,301,759	(15,895)	1,285,864
Issue of shares for acquisition of investment	22,871	915	–	–	–	–	–	–	23,786	–	23,786
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	8,289	8,289
Total comprehensive income for the period	–	–	–	2,767	–	805	–	(63,426)	(59,854)	7,581	(52,273)
Change in equity for the period	22,871	915	–	2,767	–	805	–	(63,426)	(36,068)	15,870	(20,198)
At 31 December 2021	210,141	2,390,451	97	106,032	13,352	867	(86,094)	(1,369,155)	1,265,691	(25)	1,265,666

	Unaudited										
	Attributable to owners of the Company										
	Share capital	**Share premium account**	**Legal reserve**	**Foreign currency translation reserve**	**Property revaluation reserve**	**FVTOCI reserve**	**Special reserve**	**Accumulated losses**	**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***
At 1 July 2022	**210,141**	**2,390,451**	**97**	**99,133**	**18,434**	**(1,915)**	**(86,094)**	**(1,521,857)**	**1,108,390**	**(41)**	**1,108,349**
Deregistration of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**86,094**	**(86,094)**	**-**	**41**	**41**
Total comprehensive income for the Period	**-**	**-**	**-**	**(10,011)**	**(47)**	**1,915**	**-**	**(54,406)**	**(62,549)**	**-**	**(62,549)**
Change in equity for the Period	**-**	**-**	**-**	**(10,011)**	**(47)**	**1,915**	**86,094**	**(140,500)**	**(62,549)**	**41**	**(62,508)**
At 31 December 2022	**210,141**	**2,390,451**	**97**	**89,122**	**18,387**	**-**	**-**	**(1,662,357)**	**1,045,841**	**-**	**1,045,841**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

	Six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cash flows from operating activities		
Operating loss before working capital changes	**(15,922)**	(19,118)
Proceeds from redemption of financial assets at fair value through profit or loss ("FVTPL")	**–**	8,700
Decrease/(increase) in other working capital	**1,598**	(20,336)
Cash used in operations	**(14,324)**	(30,754)
Income tax refunded	**–**	306
Interest on borrowings paid	**(100)**	(19)
Net cash used in operating activities	**(14,424)**	(30,467)
Cash flows from investing activities		
Purchase of fixed assets	**(1,181)**	(9)
Proceeds from redemption of financial assets at FVTOCI	**25,500**	–
Decrease in pledged bank deposits	**4,029**	2,987
Decrease/(increase) in time deposits with original maturity over three months	**21,953**	(43,156)
Other cash flows arising from investing activities	**(4,195)**	(6,219)
Net cash generated from/(used in) investing activities	**46,106**	(46,397)
Cash flows from financing activities		
Repayment of bank borrowings	**(22,112)**	(14,696)
Drawdown of bank borrowings	**20,000**	12,000
Other cash flows arising from financing activities	**(1,513)**	(1,501)
Net cash used in financing activities	**(3,625)**	(4,197)
Net increase/(decrease) in cash and cash equivalents	**28,057**	(81,061)
Cash and cash equivalents at 1 July	**100,434**	223,423
Effect of foreign exchanges rate changes	**(4,756)**	1,034
Cash and cash equivalents at 31 December	**123,735**	143,396
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances in the condensed consolidated statement of financial position	**147,004**	186,552
Less: Time deposits with original maturity over three months	**(23,269)**	(43,156)
Cash and cash equivalents in the condensed consolidated statement of cash flows	**123,735**	143,396

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2022. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements and segment information are consistent with those used in the audited financial statements and segment information for the year ended 30 June 2022.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2022. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and the prior years.

3. FINANCIAL INSTRUMENTS

Fair value measurements

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Disclosures of level in fair value hierarchy at the end of the reporting period:

Description	Fair value measurements using:			Total 31 December 2022 (Unaudited)
	Level 1	Level 2	Level 3	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements:				
Financial assets at FVTPL				
– Listed equity securities in Hong Kong	6,045	–	–	6,045
– Unlisted equity securities outside Hong Kong	–	–	1,490	1,490
– Unlisted debt investments in Hong Kong	–	–	73,211	73,211
Buildings				
Commercial and industrial				
– People's Republic of China (the "PRC")	–	–	92,778	92,778
Total recurring fair value measurements	6,045	–	167,479	173,524

Description	Fair value measurements using:			Total 30 June 2022 (Audited)
	Level 1	Level 2	Level 3	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements:				
Financial assets at FVTPL				
– Listed equity securities in Hong Kong	12,225	–	–	12,225
– Unlisted equity securities outside Hong Kong	–	–	9,922	9,922
– Unlisted debt investments in Hong Kong	–	–	72,378	72,378
Financial assets at FVTOCI				
– Unlisted debt investments in Hong Kong	–	–	23,585	23,585
Buildings				
Commercial and industrial				
– the PRC	–	–	99,298	99,298
Total recurring fair value measurements	12,225	–	205,183	217,408

There are no transfers into and transfers out of any of the three levels during the Period.

4. REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines for the period is as follows:

	Six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of consumer goods	**152,754**	154,986
– Sales of agri-products	**90,028**	117,615
– Logistics services income	**–**	469
– Commission and brokerage income on securities dealings	**520**	676
	243,302	273,746
Revenue from other sources		
– Interest income from margin financing	**1,172**	1,485
	244,474	275,231

The Group derives revenue from the transfer of products and services at a point in time in the following major product lines and geographical regions:

	For the six months ended 31 December 2022				
	Consumer goods	**Agri-products**	**Logistics services**	**Securities dealing services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Primary geographical markets					
Hong Kong	**–**	**21,504**	**–**	**520**	**22,024**
PRC except Hong Kong	**152,754**	**68,524**	**–**	**–**	**221,278**
Revenue from external customers	**152,754**	**90,028**	**–**	**520**	**243,302**
Timing of revenue recognition					
Products and services transferred at a point in time	**152,754**	**90,028**	**–**	**520**	**243,302**

	For the six months ended 31 December 2021				
	Consumer goods	Agri-products	Logistics services	Securities dealing services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Primary geographical markets					
Hong Kong	–	23,876	–	676	24,552
PRC except Hong Kong	154,986	93,739	469	–	249,194
Revenue from external customers	154,986	117,615	469	676	273,746
Timing of revenue recognition					
Products and services transferred at a point in time	154,986	117,615	469	676	273,746

5. SEGMENT INFORMATION

The Group has two reporting segments (31 December 2021: three reporting segments) as follows:

(i) The sale and trading of FMCG including packaged foods, beverages and household consumable products ("FMCG Trading Business"); and

(ii) The cultivation, sale and trading of fresh and processed fruits and vegetables ("Agri-Products Business").

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The Group's other operating segments include the provision of securities dealing and margin financing services. None of these segments meets any of the quantitative thresholds for determining reportable segments. The information of these other operating segments is included in the 'All other segments' column.

The chief operating decision makers have been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources and determine the reporting segments.

The accounting policies of the reporting segments are the same as those described in the 2021/22 annual report. The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e., at current market prices.

The segment information of the Group was as follows:

	FMCG Trading Business (Unaudited) *HK$'000*	Agri-Products Business (Unaudited) *HK$'000*	All other segments (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
For the six months ended 31 December 2022				
Revenue from external customers	**152,754**	**90,028**	**1,692**	**244,474**
Segment loss	**(648)**	**(30,405)**	**(1,271)**	**(32,324)**
At 31 December 2022				
Segment assets	**435,906**	**503,693**	**37,099**	**976,698**

	FMCG Trading Business (Unaudited) *HK$'000*	Agri-Products Business (Unaudited) *HK$'000*	Logistics Services Business (Unaudited) *HK$'000*	All other segments (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
For the six months ended 31 December 2021					
Revenue from external customers	154,986	117,615	469	2,161	275,231
Segment loss	(13,276)	(25,224)	(2,416)	(1,126)	(42,042)
At 30 June 2022					
Segment assets (Audited)	418,113	546,820	–	46,447	1,011,380

	Six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Reconciliation of segment loss:		
Total loss of reportable segments	**(32,324)**	(42,042)
Unallocated amounts:		
Fair value loss on financial assets at FVTPL	**(13,779)**	(6,138)
Other corporate expenses	**(8,303)**	(7,665)
Consolidated loss for the Period	**(54,406)**	(55,845)

6. FINANCE COSTS

	Six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on borrowings	**100**	19
Interest on lease liabilities	**242**	134
	342	153

7. INCOME TAX CREDIT

	Six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax – Hong Kong Profit Tax		
Under-provision in prior years	**–**	(14)
Deferred tax	**145**	320
	145	306

Under the Two-tiered Profits Tax Rates Regime, the first HK$2 million of assessable profits of the qualifying Group entity established in Hong Kong will be taxed at 8.25%, and assessable profits above that amount will be subject to the tax rate of 16.5%. The assessable profits of the Group entities not qualifying for the Two-tiered Profits Tax Rates Regime will continue to be taxed at a rate of 16.5%.

Tax charges on profits assessable elsewhere in other jurisdictions have been calculated at the rates of tax prevailing in the relevant jurisdictions in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

According to the Macau Decree-Law No. 15/2018 in relation to repeal the regime of offshore service of Macau, the offshore permits of two subsidiaries operating in Macau terminated on 1 January 2021. Upon the termination of permits, the subsidiaries have been transformed as Macau local companies which is subject to Macau Profit Tax at the rate of 12% (2021: 12%) in compliance with relevant Macau tax regulations.

The provision for income tax of subsidiaries operating in the PRC have been calculated at the rate of 25% (2021: 25%), based on existing legislation, interpretation and practices in respect thereof.

8. LOSS FOR THE PERIOD

The Group's loss for the Period is stated after charging/(crediting) the following:

	Six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Amortisation and depreciation, net of amount capitalised	**12,480**	20,142
Cost of inventories sold	**221,907**	252,100
Directors' emoluments	**3,664**	3,636
Exchange loss/(gain), net	**548**	(131)
Fair value loss on financial assets at FVTPL	**13,779**	6,138
Loss/(gain) on deregistration/disposal of subsidiaries	**97**	(744)
Interest income on financial assets at FVTPL	**(2,187)**	(2,333)
Interest income on financial assets at FVTOCI	**(179)**	(771)
Loss on redemption of financial assets at FVTPL, net	**–**	428
Staff costs (excluding directors' emoluments)		
Staff salaries, bonus and allowances	**10,361**	10,997
Retirement benefits scheme contributions	**288**	300
	10,649	11,297

9. DIVIDEND

The Board does not declare the payment of an interim dividend for the six months ended 31 December 2022 (2021: Nil).

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the Period attributable to owners of the Company of approximately HK$54,406,000 (2021: HK$63,426,000) and the weighted average number of ordinary shares of the Company of 2,101,407,182 (2021: 1,901,285,057) in issue during the Period.

Diluted loss per share

No diluted loss per share is presented as the Company did not have any potentially dilutive ordinary shares for both half year ended 31 December 2022 and 31 December 2021.

11. INVESTMENTS

	31 December 2022 (Unaudited) ***HK$'000***	30 June 2022 (Audited) *HK$'000*
Non-current assets		
Financial assets at FVTPL		
– unlisted debt investments in Hong Kong	**73,211**	–
– unlisted equity securities outside Hong Kong	**1,490**	9,922
	74,701	9,922
Current assets		
Financial assets at FVTOCI		
– unlisted debt investments in Hong Kong	**–**	23,585
Financial assets at FVTPL		
– unlisted debt investments in Hong Kong	**–**	72,378
– listed equity securities in Hong Kong	**6,045**	12,225
	6,045	108,188

The fair values of the listed equity securities are based on quoted closing price at the end of reporting period.

The fair value of the unlisted debt investments classified as financial assets at FVTPL was referenced to the valuation performed by BMI Appraisals Limited, a firm of independent professional qualified valuers derived from estimations of the equity component and debt component value by using Binomial Option Pricing Model in which the credit spread derived from comparable bonds with similar maturities and credit rating by build-up method.

The fair value of the unlisted equity securities classified as financial assets at FVTPL was referenced to the valuation performed by Valplus Consulting Limited, a firm of independent professional qualified valuers derived from estimation of the value by market approach.

The carrying amounts of the above financial assets at FVTPL are mandatorily measured at fair value through profit or loss in accordance with HKFRS 9.

None of the debt investments is neither past due nor impaired at the end of reporting period.

The financial assets at FVTOCI and FVTPL are denominated in the following currencies:

	31 December 2022 (Unaudited) *HK$'000*	30 June 2022 (Audited) *HK$'000*
HK$	**79,256**	108,188
USD	**1,490**	9,922
	80,746	118,110

At 31 December 2022, the financial assets at FVTPL of approximately HK$130,000 (30 June 2022: HK$141,000) have been pledged to a bank to secure the banking facilities granted to the Group.

12. TRADE RECEIVABLES

	31 December 2022 (Unaudited) *HK$'000*	30 June 2022 (Audited) *HK$'000*
Trade receivables arising from		
Trading *(note (a))*	**213,789**	230,110
Dealing in securities and margin financing		
– Cash clients *(note (b))*	**7,135**	7,088
– Margin clients *(note (c))*	**32,842**	38,259
	253,766	275,457
Impairment loss on trade receivables	**(22,403)**	(22,403)
	231,363	253,054

Notes:

(a) For trade receivables arising from trading, the Group normally allows credit terms to established customers ranging from 30 to 210 days (30 June 2022: 30 to 210 days).

The aging analysis of trade receivables arising from trading, net of impairment loss, based on the date of recognition of the sale, is as follows:

	31 December 2022 (Unaudited) *HK$'000*	30 June 2022 (Audited) *HK$'000*
1 – 30 days	**51,483**	33,591
31 – 60 days	**40,989**	24,026
61 – 90 days	**36,540**	26,105
Over 90 days	**80,048**	141,658
	209,060	225,380

As at 31 December 2022 and 30 June 2022, trade receivables arising from trading are unsecured and interest-free.

(b) Cash client receivables arising from dealing in securities which are neither past due nor impaired of approximately HK$287,000 (30 June 2022: HK$527,000) represent unsettled client trades on various securities exchanges transacted on the last two business days prior to the end of the reporting period. Such cash client receivable is considered as past due when the client fails to settle its securities trading balances on the settlement date. At 31 December 2022, cash client receivables of approximately HK$6,848,000 (30 June 2022: HK$6,561,000) were past due. These past due cash client receivables were substantially settled after the period end date, except for approximately HK$5,470,000 (30 June 2022: HK$5,470,000) for which no impairment loss was recognised during the Period (30 June 2022: HK$361,000). No aging analysis is disclosed as, in the opinion of the directors, an aging analysis does not give additional value in view of the nature of these cash client receivables arising from dealing in securities.

As at 31 December 2022, cash client receivables from dealing in securities past due are unsecured and bear interest of 9.25% per annum (30 June 2022: 9.25% per annum).

(c) Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities. The amount of credit facilities granted to the margin clients is determined with reference to the discounted market value of securities accepted by the Group. Margin loans due from margin clients are either current or repayable on demand for those margin clients subject to margin calls. No aging analysis is disclosed as, in the opinion of the directors, aging analysis does not give additional analysis value in view of the nature of these trade receivables from margin clients.

As at 31 December 2022, margin client receivables arising from margin financing are interest-bearing at rates ranging from 6% to 8% per annum (30 June 2022: ranging from 6% to 8% per annum).

As at 31 December 2022, the total market value of securities pledged as collateral in respect the margin loans to customers are approximately HK$33,258,000 (30 June 2022: HK$50,719,000).

13. TRADE PAYABLES

	31 December 2022 (Unaudited) ***HK$'000***	30 June 2022 (Audited) *HK$'000*
Trade payables arising from		
Trading	**67,757**	65,600
Dealing in securities		
– Cash clients	**2,442**	3,783
– Clearing house	**230**	87
	70,429	69,470

The trade payables to cash clients arising from dealing in securities are repayable on demand. The Group has a practice to satisfy all the requests for payment within one business day. Trade payables to clearing house arising from dealing in securities represent unsettled trades on various securities exchanges transacted on the last two business days prior to the end of the reporting period. No aging analysis is disclosed as, in the opinion of the directors, the aging analysis does not give additional value in view of the nature of these businesses.

The aging analysis of trade payables arising from trading, based on the date of receipt of goods purchased, is as follows:

	31 December 2022 (Unaudited)	30 June 2022 (Audited)
	HK$'000	*HK$'000*
1 – 30 days	**34,568**	37,149
31 – 60 days	**29,783**	20,972
61 – 90 days	**3,336**	7,409
Over 90 days	**70**	70
	67,757	65,600

Trade payables to cash clients arising from dealing in securities also include those payables where the corresponding clients' monies are placed in trust and segregated accounts with authorised financial institutions of approximately HK$2,271,000 (30 June 2022: HK$3,715,000).

14. SHARE CAPITAL

	Number of ordinary shares (Unaudited)	Amount (Unaudited) *HK$'000*
Authorised:		
At 30 June 2022, 1 July 2022 and 31 December 2022, par value HK$0.10 each	10,000,000,000	1,000,000
Issued and fully paid:		
At 30 June 2022, 1 July 2022 and 31 December 2022	2,101,407,182	210,141

15. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 31 December 2022 (30 June 2022: Nil).

16. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period were as follows:

	31 December 2022 (Unaudited) ***HK$'000***	30 June 2022 (Audited) *HK$'000*
Contracted but not provided for		
– Fixed assets	**6,667**	7,018
– Construction in progress	**5,800**	14,905
	12,467	21,923

INTERIM DIVIDEND

The Board does not declare the payment of an interim dividend for the six months ended 31 December 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

During the six months ended 31 December 2022 (the "Period"), the Group was principally engaged in (i) the trading of packaged foods, beverages and household consumable products (the "FMCG Trading Business"); (ii) the trading of agri-products and the upstream farming business (the "Agri-Products Business"); and (iii) other businesses arising from the securities brokerage and margin financing business (the "Other Business"). The first two businesses come together to form two vertically integrated supply chains allowing the Group to effectively deliver perishable and non-perishable consumer products in China.

During the Period, the Group's turnover was approximately HK$244.5 million, representing a decrease of approximately 11.2%, compared to approximately HK$275.2 million in the same period last year. The revenue of the traditional trading businesses as well as the upstream farming business were still adversely affected by the novel coronavirus disease 2019 (COVID-19) (the "pandemic") and the resultant supply chain disruptions during the Period. The Chinese government continued to implement stringent and widespread lockdown measures to curb the pandemic during the Period. Although China has loosened up containment measures since December 2022, a rapid spread of COVID-19 across towns and cities occurred and substantially weakened market demand in December 2022 and early 2023. The impact from the pandemic on the Agri-Products Trading Business was particularly severe because the customers took more cautious stance to place orders in light of the short life cycle and perishable nature of agricultural products. On the other hand, the competition from domestic brands remained fierce. The purchase costs for certain import products have been surging significantly, which put the Group's imported products at a disadvantage. The Group correspondingly increased the selling prices and reduced certain amount of discounts and promotions for most of products, which further reduced the sales volume of its traditional trading businesses amid the pandemic. On the other hand, the revenue of the securities brokerage and margin financing business also declined primarily due to the weak global capital market during the Period.

Gross profit margin increased from approximately 4.1% to approximately 6.8% compared with the same period last year. The increase in gross profit margin was mainly attributable to the less amortisation for other intangible assets recognised through cost of sales during the Period. During the last financial year, a substantial amount of other intangible assets, primarily representing rights for distributions whose amortisation were included in cost of sales and selling and distribution expenses, were impaired. As a result, the carrying amount of such other intangible assets and thus its amortisation were lower than those of the same period last year. Additionally, as mentioned above, Group increased selling prices and reduced certain amount of discounts in order to cope with the increase in the purchase costs and normalize the post-pandemic pricing strategy. Although the business volume was unavoidably abated by this move, the gross profit margin for traditional trading businesses recorded an improvement during the Period.

Changes in fair value due to biological transformation increased from approximately HK$13.1 million to approximately HK$15.1 million compared with the same period last year. The increase was mainly attributable to the increase in the plantation costs.

Other gains and income increased from approximately HK$5.1 million to approximately HK$6.2 million during the Period. The other gains and income for the Period was mainly attributable to the interest income of approximately HK$2.4 million derived from the investment in financial instruments issued by China Healthwise Holdings Limited ("China Healthwise") and Graphex Group Limited ("Graphex"), an interest income from bank deposits of approximately HK$1.2 million, government subsidies and a provision written back of other account receivables of HK$2.4 million and other miscellaneous income of approximately HK$0.2 million.

Selling and distribution expenses decreased by approximately 30.4% from approximately HK$22.2 million to approximately HK$15.4 million. These expenses represented approximately 6.3% of turnover compared to 8.1% of the same period last year. The decrease in the selling and distribution expenses was mainly attributable to the less amortisation for other intangible assets recognised through selling and distribution expenses during the Period. The operation commencement of the new food processing centre in Dongguan also contributed to the decrease in selling and distribution expenses, which effectively lowered the transportation costs thanks to its proximity to various destinations. Additionally, the decrease in sales commission, promotion, and handling and distribution expenses for the traditional trading business, and using more outsourced logistics instead of our own transportation team continuously decreased selling and distribution expenses. Selling and distribution expenses included, among others, the development of sales and marketing channels, outlays on brand building and promotion, freight and transportation, commission as well as distribution expenses all together spent in support of the Group's sales activities.

Administrative expenses increased by approximately 5.6% from approximately HK$30.5 million to approximately HK$32.2 million during the Period. The increase was mainly attributable to the surging costs such as energy and office consumables caused by inflation plus the occurrence of setup expenses in relation to the agricultural research centre in Jiangxi, partly offset by the Group's various cost saving initiatives.

Other operating expenses increased from approximately HK$6.6 million to approximately HK$14.4 million during the Period. Other operating expenses for the Period represented a fair value loss on the investments in Global Mastermind Holdings Limited ("Global Mastermind") and First Bullion Holdings Inc. ("First Bullion") of approximately HK$6.2 million and approximately HK$8.4 million respectively, an exchange loss of approximately HK$0.6 million and partly offset by a fair value gain on the investment in financial instruments issued by China Healthwise of approximately HK$0.8 million.

Finance costs were kept at a minimal level during the Period.

The decrease in the Group's net loss can be summarized as mainly attributable to approximately 2.7% increase in gross profit margin, approximately HK$1.1 million increase in other gains and income, approximately 30.4% decrease in selling and distribution expenses, but partly offset by approximately 11.2% decrease in turnover, approximately HK$2.0 million increase in changes in fair value due to biological transformation, approximately HK$7.9 million increase in other operating expenses and approximately 5.6% increase in administrative expenses.

BUSINESS REVIEW, DEVELOPMENT AND PROSPECT

During the Period, the global economy has been facing a number of uncertainties, including higher-than expected inflation in most of countries triggering streaks of global interest rate hikes, and the negative spillovers from the war in Ukraine. In China, lockdowns caused by the pandemic, and the deepening real estate crisis further pushed growth down, which could be reflected by weak macroeconomic figures. China's fourth-quarter GDP for 2022 rose by merely 2.9% while the retail sales in November and December 2022 declined by 5.9% and 1.8% respectively from a year ago. Although China has loosened up containment measures since December 2022, it was followed by a wave of COVID-19 outbreak and further depressed consumer sentiment in the following months. On the other hand, the competition from domestic products remained fierce, especially considering their overwhelming advertisements and promotions. In the light of the overall sluggish economic environment, the Group's turnover also decreased by approximately 11.2% compared to the same period last year, whereas the gross profit margin could increase remarkably, primarily attributable to the decrease in the amortisation of other intangible assets and the Group's post-pandemic pricing strategy by increasing selling prices and reducing discounts. Furthermore, the Group continued to improve its profitability by refining its product mix, ceasing the trading of unprofitable products and continuously saving operating expenses by implementing cost-saving initiatives.

The FMCG Trading Business sells finished consumer products into the domestic Chinese consumer market. These products are largely sourced overseas through the Group's wide-reaching global procurement network and are imported from different regions around the world including Europe, the Americas, Australasia and South East Asia. This business unit can be classified into three categories including packaged foods, beverages and household consumable products with their respective contribution of approximately 76%, 16%, and 8%. Packaged foods, including biscuits, candies, chocolate, condiments, margarine, milk powder products, healthy food, noodles, snacks, rice and nourishing and exclusively licensed branded products, remained as the most important category, followed by beverage products.

FMCG Trading Business was the most important business unit and contributed approximately 62% of the Group's total revenues during the Period. The pandemic and the weak macroeconomic environment unavoidably caused severe impact on the FMCG Trading Business. The keen competition from domestic brands further worsened the operating environment. During the Period, the supply chains were still challenged by various pandemic-induced restrictions, the Group faced not only the increase in purchase and transportation costs, but also the difficulty in restocking inventories timely. In view of the increase in the purchase costs, the Group continued to enhance its profitability by increasing selling prices and reducing certain amount of sales discounts that were used to incentivize our loyal customers during the pandemic to counteract the negative impact. Despite the negative factors mentioned above, the revenue of this business segment has been stabilizing thanks to the Group's efforts in refining product mix and its entrenched distribution network during the Period.

The Agri-Products Business contains trading fresh produce imported from countries like Australasia and South East Asia as well as upstream cultivations in China. Similar to the FMCG Trading Business, the Agri-Products Trading Business encountered severe difficulties caused by the pandemic. During the Period, the negative impact on this business segment was more serious than the FMCG Trading Business because the lockdowns and other anti-pandemic measures severely disrupted its supply chain and logistics. In view of the short life cycle and perishable nature of agricultural products, customers took more cautious stance to place orders and thus the sales volume of the Agri-Products Trading Business substantially decreased. On the other hand, the competition of the Chinese fresh produce market was very intense as the gap in product quality and product variety between domestic fresh produce and imported fresh produce have been shrinking over past few years, resulting in the continuous increase in the popularity of domestic products. Meanwhile, the Group has been continuously developing its trading business for domestic fresh produce as a supplementary business, of which the gross profit margin was more stable than its counterparts of the imported agricultural products, and the percentage of its revenue over the total revenue of the Agri-Products Trading Business also recorded a steady growth compared to the same period last year.

During the Period, the new centre for food processing and warehouse storage for agri-products in Dongguan of China has commenced its operations, which could effectively smoothen the operations by increasing the operation capacity and lower the transportation costs. The new processing centre is equipped with advanced machineries and processing lines where primarily serves the Group's Agri-Products Trading Business in southern China.

During the Period, the Group continued to carefully operate in the plantations of early crop oranges and ponkans in the Jiangxi's farming base. The revenue of the upstream farming business decreased by approximately 5.0%, primarily attributable to the pandemic and the weak market demand, but the decline was relatively modest compared to that of the Agri-Products Trading Business. Although the pandemic, the inclement weather and the rising cultivation costs still affected its operations, the Group is cautiously optimistic on the prospect of this business unit thanks to its established distribution channels and agricultural skills accumulated by years of operations. To facilitate the development of this business unit, the Group has been developing a project including the construction of a fruit processing centre and the development of agri-tourism business nearby. The fruit processing centre has commenced its several functions including fruit washing, packing and storage, whereas the agri-tourism facilities was carefully developed after taking into account of the impact from the pandemic during the Period.

The Other Business contains providing securities trading, margin financing and IPO subscription brokerage services through Sino Wealth Securities Limited ("Sino Wealth"). The revenue of the securities brokerage and margin financing business decreased by approximately 21.7% from approximately HK$2.2 million to approximately HK$1.7 million, which was primarily attributable to the decrease in the capital market activities during the Period. During the Period, the Group suspended its operations in the tourist retailing business in view of the drastic plunge in the tourism industry from the mainland Chinese visitors caused by the border restrictions. Although the border restrictions between Hong Kong and China have been recently removed subsequent to the reporting period, the Group continued to take a cautious stance toward the tourist retailing business considering the number of Chinese visitors could take a long time to return to the pre-pandemic levels. The Group will carefully review its development in the tourist retailing business based on its financial viability and the recovery pace of the industry on a continuous basis.

On 9 December 2021, the Group completed the acquisition of 17.5% equity interest in First Bullion as an investment in the virtual asset trading exchange business. The acquisition was recognised as an investment in financial asset at fair value through profit or loss. During the Period, the digital assets industry continued to encounter high volatility and turbulence due to the high inflation, the war in Ukraine and many other economic setbacks, resulting in a fair value loss of approximately HK$8.4 million based on the valuation report applying the market approach prepared by an independent professional valuer.

On 28 December 2021, the Group entered into a memorandum of understanding (the "MOU") which was valid for one year for a possible cooperation in matters of environmental issue such as carbon neutrality and green finance with Allied Sustainability and Environmental Consultants Group Limited ("AEC Group"), a company listed on GEM of the Stock Exchange (stock code: 8320). As the Group and AEC Group were unable to agree on the terms of the binding agreement within the validity period, the negotiations and discussions between the Group and AEC Group have been terminated. Accordingly, the MOU lapsed on 28 December 2022 and the possible cooperation contemplated under the MOU will not proceed. The lapse of the MOU and the termination of the possible cooperation will not have any material adverse impact to the business or financial position of the Group.

Looking forward, the overall operating environment is still fraught with uncertainties, while China reopens its economy after abandoning the pandemic restrictions, the wave of pandemic outbreak since December 2022 and the sluggish economic environment continuously affect the Group's trading businesses. Many countries continue to face severe inflation and their central banks are likely to continue to tighten monetary policy. Geographical tensions including the war in Ukraine remain a large threat to the global economy and the competition from domestic brands is increasingly fierce. Against this backdrop, the Group will continue to carefully search suitable investment opportunities to enhance the Group's investment portfolios to reduce concentration risks and implement cost-saving initiatives, as well as ensure a strong and healthy financial position to weather any unforeseeable headwinds.

SIGNIFICANT INVESTMENTS HELD AND THEIR PERFORMANCE

At 31 December 2022, the Group held a convertible bond issued by China Healthwise, shares in Global Mastermind and shares in First Bullion.

China Healthwise is a listed company in the main board of the Stock Exchange and together with its subsidiaries are principally engaged in sale of Chinese health products, money lending business and investment in financial instruments. In October 2018, the Group subscribed a convertible bond issued by China Healthwise for HK$120.0 million and up to 31 December 2022, China Healthwise has redeemed in total HK$47.7 million of the bond. As at 31 December 2022, the outstanding principal amount was HK$72.3 million and the fair value of the Group's investment in the convertible bond issued by China Healthwise was approximately HK$73.2 million (30 June 2022: HK$72.4 million), representing approximately 6.3% (30 June 2022: 5.9%) of the Group's total assets, and recorded a fair value gain on investment of approximately HK$0.8 million and an interest income of approximately HK$2.2 million during the Period.

On 17 August 2022, the Group and China Healthwise entered into the second supplemental agreement (the "Second Supplemental Agreement") for amending the subscription agreement to amend and extend the maturity date of the convertible bond from 10 October 2022 to 10 October 2024 and reduce the conversion price from HK$1.00 per conversion share to HK$0.38 per conversion share. On 7 October 2022, an extraordinary general meeting was held and shareholders' approval was obtained to approve the Second Supplemental Agreement. In the event of the exercise of the conversion rights based on the amendments, a maximum of 190,263,157 new shares will be allotted and issued by China Healthwise, which represents approximately 19.80% of the issued share capital as enlarged by the issue and allotment of the new shares.

Global Mastermind is a listed company in the GEM of the Stock Exchange and together with its subsidiaries are principally engaged in provision and operation of travel business, treasury management business, money lending business, brokerage business, asset management and corporate finance advisory services. In May 2021, the Group converted the convertible bond issued by Global Mastermind in the principal amount of HK$60 million into its ordinary shares at the adjusted conversion price of HK$0.71 per share, and received 84,507,042 shares of Global Mastermind. At 31 December 2022, the Group held 84,507,042 shares of Global Mastermind, representing approximately 16.54% equity interest, as financial assets at fair value through profit or loss and will remain as a passive investor by continuing holding its shares. At 31 December 2022, the fair value of the Group's investment in its shares was approximately HK$5.9 million (30 June 2022: HK$12.1 million), representing approximately 0.5% of the Group's total assets (30 June 2022: 1.0%), and recorded a fair value loss on investment of approximately HK$6.2 million during the Period.

First Bullion is incorporated in the BVI and is principally engaged in the provision of digital assets listing, trading and management services. On 9 December 2021, the Group completed the acquisition of 17.5% equity interest in First Bullion at a consideration of approximately HK$23.8 million by the issue of 228,711,000 ordinary shares at the issue price of HK$0.104 each. At 31 December 2022, the Group held 350,000 shares in First Bullion, representing its 17.5% equity interest, as financial assets at fair value through profit or loss. At 31 December 2022, the fair value of the Group's investment in its shares was approximately HK$1.5 million (30 June 2022: HK$9.9 million), representing approximately 0.1% of the Group's total assets (30 June 2022: 0.8%) and recorded a fair value loss on investment of approximately HK$8.4 million during the Period.

The objective for the above investments is to better utilise the Group's available cash and seek higher interest income, potential capital gain and business diversification in view of the uncertain global trading market.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a strong financial position throughout the Period under review. The Group financed its operations and business development with internally generated resources and banking facilities.

At 31 December 2022, the Group had interest-bearing borrowings of approximately HK$10.5 million (30 June 2022: HK$12.6 million) of which all borrowings were denominated in Hong Kong dollars and all would mature within one year. All of the Group's bank borrowings at 31 December 2022 were floating-interest bearing and secured by corporate guarantees provided by the Company and certain subsidiaries of the Company, charge over investments of a subsidiary in carrying amount of approximately HK$0.1 million (30 June 2022: HK$0.1 million) and pledged bank deposits of certain subsidiaries in carrying amount of approximately HK$12.1 million (30 June 2022: HK$16.2 million).

A significant portion of sales, purchases, services income and bank and cash equivalents of the Group were either denominated in Renminbi, Hong Kong dollars or US dollars. The Group will closely monitor the foreign currency exposure and may consider arranging for hedging facilities when it is necessary. At 31 December 2022, the Group did not have any significant hedging instrument outstanding.

At 31 December 2022, the Group's current assets amounted to approximately HK$654.3 million (30 June 2022: HK$767.7 million) and the Group's current liabilities amounted to approximately HK$90.9 million (30 June 2022: HK$95.1 million). The Group's current ratio maintained at a level of approximately 7.2 at 31 December 2022 (30 June 2022: 8.1). At 31 December 2022, the Group had total assets of approximately HK$1,155.9 million (30 June 2022: HK$1,224.6 million) and total liabilities of approximately HK$110.1 million (30 June 2022: HK$116.2 million) with a gearing ratio of approximately 0.9% (30 June 2022: 1.0%). The gearing ratio was expressed as a ratio of total bank borrowings to total assets. The Group's gearing ratio remained at a fairly low level as at 31 December 2022 and 30 June 2022.

USE OF PROCEEDS FROM RIGHTS ISSUE

On 11 January 2017, the Company raised from a rights issue the net proceeds of approximately HK$207.3 million (the "Rights Issue").

Set out below are the details of the use of the net proceeds of approximately HK$207.3 million from the Rights Issue.

Approximate HK$ million		Planned use of proceeds as disclosed in the announcement of the Company dated 10 March 2021	Remaining proceeds as at 30 June 2022	**Utilised during the six months ended 31 December 2022**	**Utilised as at 31 December 2022**	**Remaining proceeds as at 31 December 2022**	**Expected timeline for the intended use**
(i)	Securities brokerage business for compliance with its financial resources and for future expansion purpose	80.0	–	**-**	**80.0**	**-**	–
(ii)	Upgrade of cold storage and logistics facilities in Shanghai	12.0	–	**-**	**12.0**	**-**	by 31 December 2021
(iii)	Renovation and equipping of fruit processing centre in Jiangxi	14.0	–	**-**	**14.0**	**-**	by 30 June 2022
(iv)	Installation of cold storage and logistics facilities in Jiangxi	17.0	3.9	**3.9**	**17.0**	**-**	by 31 October 2022
(v)	Set up of new processing agri-product centre in Dongguan	34.0	3.9	**3.9**	**34.0**	**-**	by 31 December 2022
(vi)	Research and development expenses in upstream farming	4.0	–	**-**	**4.0**	**-**	by 31 March 2022
(vii)	Set up of an agricultural research and test-lab centre in Jiangxi	6.0	4.5	**1.3**	**2.8**	**3.2**	by 30 June 2023
(viii)	Promotion and marketing activities	10.0	6.8	**0.8**	**4.0**	**6.0**	by 30 June 2023
(ix)	Set up of an agri-tourism park with various facilities in Jiangxi	27.0	19.7	**2.2**	**9.5**	**17.5**	by 30 June 2023
(x)	Working capital and general corporate purposes	3.3	–	**-**	**3.3**	**-**	by 30 June 2022
Total		207.3	38.8	**12.1**	**180.6**	**26.7**	

NUMBER AND REMUNERATION OF EMPLOYEES

At 31 December 2022, the Group had approximately 270 employees for its operations in China, Hong Kong and Macau. The Group's employees are remunerated in accordance with their work performance and experience. The Group also participates in a retirement benefit scheme for its staff in the PRC and a defined Mandatory Provident Fund Scheme for its staff in Hong Kong. For the six months ended 31 December 2022, no forfeited contributions by the Group on behalf of employees who leave the scheme prior to vesting fully in such contributions was used by the Group to reduce the existing level of contributions. The Group provides various trainings to employees including but not limited to induction training, on-the-job training provided by department heads and sponsorship program for position-related self-education and professional qualification.

SHARE OPTION SCHEME

The Group has adopted a share option scheme on 21 December 2018 of which the Board may, at its discretion, grant options to eligible participants of the share option scheme. During the six months ended 31 December 2022, no share options were granted or to be granted, exercised, cancelled nor lapsed and the Company had no share options outstanding under the share option scheme at 31 December 2022 (30 June 2022: Nil). The number of options available for grant under the share option scheme mandate at 1 July 2022 and 31 December 2022 was 187,269,618.

SHARE AWARD PLAN

The Group has adopted a share award plan (the "Plan") on 12 June 2020 of which the Board may, at its discretion, award shares to eligible participants of the Plan. Since the adoption date of the Plan and up to 13 December 2022, no share award has been made by the Company pursuant to the Plan and the trustee has not purchased any shares for the benefit of the Plan. Given that the Company does not expect to grant any awards under the Plan prior to its expiry and in order to reduce administrative cost, the Board has resolved to terminate the Plan with effect from 13 December 2022 (the "Termination"). No further award shall be granted upon the Termination.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2022, the interests and short positions of each Director and chief executive in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), were as follows:

LONG POSITIONS

Director	*Note*	**Capacity/nature of interests**	**Number of ordinary shares in interest**	**Approximate percentage of the issued shares**
Mr. Lam Kwok Hing ("Mr. Lam")	*1*	Interest in controlled corporation	275,078,914	13.09%
Ms. Lee Choi Lin Joecy ("Ms. Lee")	*1*	Family interest	275,078,914	13.09%
Mr. Chan Cheuk Yu Stephen ("Mr. Chan")	*2*	Interest in controlled corporation	301,060,073	14.33%

Notes:

1. 275,078,914 shares are held by Best Global Asia Limited ("Best Global"), a company incorporated in the BVI wholly and beneficially owned by Mr. Lam. Ms. Lee is the spouse of Mr. Lam, by virtue of the SFO, Ms. Lee is deemed to be interested in said 275,078,914 shares.

2. 301,060,073 shares are held by Glazy Target Limited ("Glazy Target"), a company incorporated in the BVI wholly and beneficially owned by Mr. Chan.

Save as disclosed above, as at 31 December 2022, none of the Directors or chief executive of the Company and their respective associates had any interests or short positions in shares, underlying shares or debentures of the Company, its subsidiaries or any associated corporation (within the meaning of Part XV of the SFO).

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section titled "Directors' Interests in Securities", at no time during the Period nor at the end of the reporting period were there rights to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or where there such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouses or children under 18 years of age to acquire such rights in the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2022, the interests of every person, other than a Director or chief executive of the Company, in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and to the best knowledge of the Directors were as follows:

LONG POSITIONS

Substantial shareholder	*Note*	Capacity/nature of interests	Number of ordinary shares in interest	Approximate percentage of the issued shares
Best Global	*1*	Beneficial owner	275,078,914	13.09%
Glazy Target	*2*	Beneficial owner	301,060,073	14.33%
Smart Empire Group Limited	*3*	Beneficial owner	228,711,000	10.88%
Mr. Tang Ka Siu Johnny	*3*	Interest in controlled corporation	228,711,000	10.88%

Notes:

1. These shares are in duplicate the interests held by Mr. Lam and Ms. Lee as stated in section "Directors' Interests in Securities".

2. These shares are in duplicate the interests held by Mr. Chan as stated in section "Directors' Interests in Securities".

3. 228,711,000 shares are held by Smart Empire Group Limited, a company incorporated in Republic of Seychelles wholly and beneficially owned by Mr. Tang Ka Siu Johnny.

Save as disclosed above, as at 31 December 2022, no person, other than a Director and chief executive of the Company whose interests are set out in the section titled "Directors' Interests in Securities" above, had any interest or short position in the shares or underlying shares of the Company that was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DISCLOSURE OF INFORMATION ON DIRECTORS

During the Period under review, there is no change in information of the Directors since the date of the 2021/22 annual report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. With effect from 10 February 2023, Mr. Hung Hing Man has been appointed as an independent non-executive director of Town Health International Medical Group Limited (stock code: 3886), a company listed on the Main Board of the Stock Exchange.

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

Neither the Company, nor any of its subsidiaries, purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2022.

CORPORATE GOVERNANCE

The Company has applied the principles of the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and complied with all the applicable code provisions of the CG Code throughout the six months ended 31 December 2022, except with deviation from code provision C.2.1.

Under the 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. Since March 2012, the Board has appointed Mr. Lam Kwok Hing ("Mr. Lam") as Chief Executive Officer in view of Mr. Lam's in-depth experience in the industry and the Group's overall operations. As a result of the appointment, the roles of Chairman and Chief Executive Officer are performed by Mr. Lam. Mr. Lam is the co-founder of the Group and has over 30 years' experience in the consumer products industry. In the context of the challenging business environment, the Board believes that a consistent leadership, effective and efficient planning and implementation of business decisions and strategies are of utmost importance. While all major decisions of the Group were made in consultation with and under due consideration and approval by the Board, the Board believes that by virtue of Mr. Lam's in-depth experience and understanding of the Group, vesting the roles of Chairman and Chief Executive Officer on Mr. Lam can generate benefits for the Group and shareholders as a whole and at the same time the balance of power and authority between the Board and the management of the Group is effectively maintained.

CONSTITUTIONAL DOCUMENTS

On 1 January 2022, the Listing Rules were amended by, among other things, adopting a uniform set of 14 core standards for shareholder protections for issuers regardless of their place of incorporation set out in Appendix 3 of the Listing Rules. On 29 December 2022, an annual general meeting was held and shareholders' approval was obtained to approve the adoption of a set of amended and restated articles of association (the "Articles"), which incorporates all of the proposed amendments to, amongst others, (i) make them conform to the said core standards for shareholder protections; (ii) allow a general meeting to be held in the form of an electronic meeting or a hybrid meeting; (iii) bring the Articles in line with amendments made to the Listing Rules and the applicable law in the Cayman Islands; (iv) incorporate various consequential and housekeeping changes; and (v) update and clarify provisions where it is considered desirable. The memorandum and articles of association of the Company are available for viewing on the websites of the Company and the Stock Exchange.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as the code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, they all confirmed that they had fully complied with the required standard set out in the Model Code throughout the six months ended 31 December 2022.

REVIEW OF INTERIM REPORT

The interim report for the six months ended 31 December 2022 have been reviewed by the Audit Committee of the Company, but not audited by the Company's external auditors.

By order of the Board
Lam Kwok Hing
Chairman

Hong Kong, 28 February 2023

As at the date of this report, the Board comprises five executive directors, namely Mr. Lam Kwok Hing (Chairman), Ms. Lee Choi Lin Joecy, Ms. Gao Qin Jian, Mr. Chan Cheuk Yu Stephen and Mr. Mok Tsan San; and three independent non-executive directors, namely Ms. Mak Yun Chu, Mr. Poon Yiu Cheung Newman and Mr. Hung Hing Man.