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Tycoon Group Holdings Limited

滿貫集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3390)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the six months ended 30 June 2020 was HK\$183.6 million, representing a decrease of 55.4% compared to HK\$412.2 million for the six months ended 30 June 2019.
- Gross profit of the Group for the six months ended 30 June 2020 was HK\$36.2 million, representing a decrease of 68.4% compared to HK\$114.4 million for the six months ended 30 June 2019.
- Net loss of the Group for the six months ended 30 June 2020 was HK\$48.4 million compared to a profit of HK\$44.5 million for the six months ended 30 June 2019.
- The Board has resolved not to declare any interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: paid final dividend of HK\$30.0 million in respect of the year ended 31 December 2018).

The board (the “**Board**”) of directors (the “**Directors**”) of Tycoon Group Holdings Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2020 together with the comparative figures for the corresponding period in 2019:

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

For the six months ended 30 June 2020

		Six months ended 30 June	
	Notes	2020	2019
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
REVENUE	4	183,632	412,181
Cost of sales		(147,429)	(297,764)
Gross profit		36,203	114,417
Other income and gains		2,114	289
Selling and distribution expenses		(30,123)	(30,308)
General and administrative expenses		(56,406)	(26,084)
Finance costs		(2,970)	(2,785)
Share of loss of an associate		(132)	–
Share of loss of joint ventures		–	–
PROFIT/(LOSS) BEFORE TAX	5	(51,314)	55,529
Income tax	6	2,956	(11,005)
PROFIT/(LOSS) FOR THE PERIOD			
ATTRIBUTABLE TO:			
Equity holders of the Company		(48,358)	44,524
OTHER COMPREHENSIVE EXPENSES			
Other comprehensive expenses that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(226)	(19)
TOTAL COMPREHENSIVE INCOME/(EXPENSES)			
FOR THE PERIOD ATTRIBUTABLE TO:			
Equity holders of the Company		(48,584)	44,505
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	HK(7) cents	HK7 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	<i>Notes</i>	30 June 2020 <i>HK\$'000</i> (Unaudited)	31 December 2019 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		54,109	57,292
Right-of-use assets	<i>9</i>	8,606	15,003
Prepayments and deposits		4,800	3,827
Intangible assets		999	1,449
Investment in an associate		41,518	–
Investments in joint ventures		–	–
Deferred tax assets		6,274	3,318
Total non-current assets		116,306	80,889
CURRENT ASSETS			
Inventories		124,025	84,069
Trade receivables	<i>10</i>	61,667	117,161
Prepayments, deposits and other receivables		68,521	33,808
Cash and cash equivalents		64,479	50,437
Total current assets		318,692	285,475
CURRENT LIABILITIES			
Trade payables	<i>11</i>	12,688	34,635
Other payables and accruals		15,932	21,529
Interest-bearing bank borrowings		66,153	151,120
Lease liabilities		8,585	7,903
Tax payable		24,865	24,865
Total current liabilities		128,223	240,052
NET CURRENT ASSETS			
NET CURRENT ASSETS		190,469	45,423
TOTAL ASSETS LESS CURRENT LIABILITIES			
TOTAL ASSETS LESS CURRENT LIABILITIES		306,775	126,312

		30 June	31 December
	<i>Notes</i>	2020	2019
		HK\$'000	HK\$'000
		(Unaudited)	(Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		5,883	7,592
Deferred tax liabilities		360	360
Total non-current liabilities		6,243	7,952
NET ASSETS		300,532	118,360
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	12	8,000	100
Reserves		292,532	118,260
TOTAL EQUITY		300,532	118,360

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

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

During the period, the Company made an offer to the public for subscription of its new shares (the “**Global Offering**”) in connection with the listing of the Company’s shares (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Dealings in the Company’s shares on the Stock Exchange commenced on 15 April 2020.

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

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

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s consolidated financial statements included in the Accountant’s Report set forth in Appendix I to the Company’s prospectus dated 30 March 2020.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial information.

Amendments to HKFRS 3

Amendments to HKFRS 9, HKAS 39 and HKFRS 7

Amendment to HKFRS 16

Amendments to HKAS 1 and HKAS 8

Definition of a Business

Interest Rate Benchmark Reform

Covid-19-Related Rent Concessions

Definition of Material

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.
- (c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the coronavirus disease 2019 (“**COVID-19**”) pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the period ended 30 June 2020, certain monthly lease payments for the leases of the Group’s office buildings and retail stores have been reduced or waived by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has elected to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the period ended 30 June 2020. The lease modification did not have significant impact on the financial position and performance of the Group.

- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group’s interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Operating segments are reported in a manner consistent with the internal reporting to the Group's key management personnel as follows:

- (a) the distribution segment, which includes the operation of distributing products to chain retailers, non-chain retailers and traders;
- (b) the retail stores segment, which includes the operation of retail stores; and
- (c) the e-commerce segment, which includes the operation of online stores and wholesale to e-commerce customers.

During the period under review, the management changed its reporting segments to (a) distribution segment; (b) retail stores segment; and (c) e-commerce segment as a result of the growing importance of the e-commerce segment to the operation of the Group.

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

The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that the gain/loss on disposal and write-off of items of property, plant and equipment and subsidiaries, foreign exchange differences, net, interest income, finance costs (other than interest on lease liabilities), share of profits and losses of associates, share of profits and losses of joint ventures, and unallocated head office and corporate expenses are excluded from such measurement.

Segment assets exclude investment in an associate, investments in joint ventures, cash and cash equivalents, deferred tax assets and other unallocated corporate assets as these assets are managed on a group basis. Segment liabilities exclude interest-bearing bank borrowings, tax payable and deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Segment revenue and results

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

	Distribution <i>HK\$'000</i> (Unaudited)	Retail stores <i>HK\$'000</i> (Unaudited)	E-commerce <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Six months ended 30 June 2020				
Segment revenue (note 4)				
Sales to external customers	116,312	3,401	63,919	183,632
Intersegment sales	6,299	–	–	6,299
				189,931
<u>Reconciliation:</u>				
Elimination of intersegment sales				(6,299)
Revenue				<u>183,632</u>
Segment results	(25,631)	(9,560)	29	(35,162)
<u>Reconciliation:</u>				
Gain on disposal of items of property, plant and equipment				651
Gain on disposal of subsidiaries				109
Interest income				109
Share of loss of an associate	–	(132)	–	(132)
Share of loss of joint ventures – unallocated				–
Foreign exchange differences, net				(199)
Corporate and other unallocated expenses				(14,096)
Finance costs				<u>(2,594)</u>
Loss before tax				(51,314)
Income tax				<u>2,956</u>
Loss for the period				<u>(48,358)</u>

	Distribution <i>HK\$'000</i> (Unaudited)	Retail stores <i>HK\$'000</i> (Unaudited)	E-commerce <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Six months ended 30 June 2019				
Segment revenue (<i>note 4</i>)				
Sales to external customers	400,159	8,767	3,255	412,181
Intersegment sales	<u>2,940</u>	<u>–</u>	<u>–</u>	<u>2,940</u>
				415,121
<u>Reconciliation:</u>				
Elimination of intersegment sales				<u>(2,940)</u>
Revenue				<u><u>412,181</u></u>
Segment results	69,293	(3,135)	(716)	65,442
<u>Reconciliation:</u>				
Gain on disposal of a subsidiary				18
Interest income				3
Foreign exchange differences, net				108
Corporate and other unallocated expenses				(7,616)
Finance costs				<u>(2,426)</u>
Profit before tax				55,529
Income tax				<u>(11,005)</u>
Profit for the period				<u><u>44,524</u></u>

Segment assets and liabilities

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

	Distribution <i>HK\$'000</i>	Retail stores <i>HK\$'000</i>	E-commerce <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets				
30 June 2020 (unaudited)	258,030	3,698	50,221	311,949
Investment in an associate	–	41,518	–	41,518
Investment in joint ventures – unallocated				–
Unallocated				81,531
Total				434,998
31 December 2019 (audited)	273,061	18,900	17,578	309,539
Unallocated				56,825
Total				366,364
Segment liabilities				
30 June 2020 (unaudited)	(33,193)	(5,527)	(1,797)	(40,517)
Unallocated				(93,949)
Total				(134,466)
31 December 2019 (audited)	(61,004)	(9,063)	(186)	(70,253)
Unallocated				(177,751)
Total				(248,004)

4. REVENUE

An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of goods	183,632	412,181

Disaggregated revenue information for revenue from contracts with customers

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Geographical markets		
Hong Kong	108,143	384,932
Mainland China	63,919	2,105
Macau	11,498	24,299
Singapore	72	845
	<u>183,632</u>	<u>412,181</u>
Total revenue from contracts with customers	<u>183,632</u>	<u>412,181</u>
Timing of revenue recognition		
Goods transferred at a point of time	183,632	412,181

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
External customers		
Distribution	116,312	400,159
Retail stores	3,401	8,767
E-commerce	63,919	3,255
Intersegment sales		
Distribution	6,299	2,940
	189,931	415,121
Intersegment adjustments and elimination	(6,299)	(2,940)
Total revenue from contracts with customers	183,632	412,181

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	147,429	297,764
Depreciation of property, plant and equipment, including leasehold land	2,251	2,542
Depreciation of right-of-use assets	4,570	2,955
Directors' remuneration [#]	794	1,036
Employee benefit expense (excluding directors' and chief executive's remuneration)		
Wages and salaries	18,102	19,920
Pension scheme contributions (defined contribution scheme)	656	1,142
	18,758	21,062
Expenses under short-term leases	276	261
Gain on disposal of items of property, plant and equipment	(651)	–
Gain on disposal of subsidiaries	(109)	(18)
Provision for inventories*	10,762	–
Write-off of inventories*	4,278	–
Impairment of property, plant and equipment*	1,103	–
Impairment of right-of-use assets*	4,961	–
Impairment of intangible assets*	450	–
Foreign exchange differences, net	199	(108)
Listing expenses	11,447	5,417

[#] Directors' remuneration includes director fees, salaries, allowances, benefits in kind and pension scheme contributions. For the period ended 30 June 2020, eight of the directors have waived emoluments in aggregate of HK\$324,000 (six months ended 30 June 2019: Nil).

* The provision for inventories, write-off of inventories, impairment of property, plant and equipment, impairment of right-of-use assets, and impairment of intangible assets for the periods, among others, are included in "General and administrative expenses" in the interim condensed consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (six months ended 30 June 2019: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/ jurisdictions in which the Group operates.

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	–	11,377
Deferred	<u>(2,956)</u>	<u>(372)</u>
Total tax charge/(credit) for the period	<u>(2,956)</u>	<u>11,005</u>

7. DIVIDENDS

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividend paid during the period:		
Final dividend in respect of the year ended 31 December 2018		
– HK\$3 per ordinary share	<u>–</u>	<u>30,000</u>

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share attributable to ordinary equity holders of the Company is based on the loss for the period attributable to ordinary equity holders of the Company of HK\$48,358,000 (six months ended 30 June 2019: profit of HK\$44,524,000) and the weighted average number of ordinary shares of 685,362,000 (six months ended 30 June 2019: 607,580,000) in issue during the period, on the assumption that the capitalisation issue in connection with the listing of the Company had been completed on 1 January 2019 for calculating the basic earnings/(loss) per share amount.

No adjustment has been made to the basic earnings/(loss) per share presented for the six months ended 30 June 2020 and 2019 as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. LEASES

During the six months ended 30 June 2020, the addition on right-of-use assets amounted to HK\$3,378,000 (six months ended 30 June 2019: HK\$118,000) and the depreciation incurred for the period amounted to HK\$4,570,000 (six months ended 30 June 2019: HK\$2,955,000).

During the six months ended 30 June 2020, an impairment loss of HK\$4,961,000 (six months ended 30 June 2019: Nil) was recognised for the right-of-use assets of the retail stores segment as a result of the imminent closure of one of the two brick-and-mortar retail stores in Macau.

10. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade receivables:		
Within 90 days	44,591	106,942
91 to 180 days	15,238	10,147
Over 180 days	1,838	72
	<u>61,667</u>	<u>117,161</u>

11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date is as follows:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Within 30 days	4,193	13,505
31 to 60 days	4,606	12,640
61 to 120 days	2,068	7,891
Over 120 days	1,821	599
	<u>12,688</u>	<u>34,635</u>

12. ISSUED CAPITAL

The movements in the Company's share capital during the period from 1 January 2020 to 30 June 2020 were as follows:

	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares HK\$'000
Authorised:		
At 31 December 2018, 1 January 2019, 30 June 2019, 31 December 2019 and 1 January 2020 (<i>note (i)</i>)	38,000,000	380
Increase in authorised share capital on 23 March 2020 (<i>note (iii)</i>)	<u>9,962,000,000</u>	<u>99,620</u>
At 30 June 2020	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 31 December 2018, 1 January 2019, 30 June 2019, 31 December 2019 and 1 January 2020 (<i>notes (i) and (ii)</i>)	10,000,000	100
Capitalisation issue of shares (<i>note (iv)</i>)	597,580,000	5,976
Issue of new shares pursuant to the Global Offering (<i>note (v)</i>)	<u>192,420,000</u>	<u>1,924</u>
At 30 June 2020	<u>800,000,000</u>	<u>8,000</u>

Notes:

- (i) On 14 June 2017, the Company was incorporated as an exempted company with limited liability in the Cayman Islands with authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. Upon incorporation, 1 nil-paid ordinary share of HK\$0.01 was issued and allotted by the Company to its then shareholder.
- (ii) Pursuant to a written resolution passed on 30 November 2018, 9,999,999 ordinary shares of HK\$0.01 each were allotted, issued and credited as fully paid to the Company's then sole shareholder and the one nil-paid share held by such sole shareholder was also credited as fully paid.
- (iii) Pursuant to the written resolutions of the shareholders of the Company passed on 23 March 2020, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of a par value of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares of a par value of HK\$0.01 each, by the creation of an additional 9,962,000,000 shares with a par value of HK\$0.01 each.
- (iv) Pursuant to the authority given by the resolutions in writing of the then shareholders of the Company passed on 23 March 2020 and the minutes of the committee of the board of directors of the Company (the “**Board**”) on 9 April 2020, an aggregate amount of approximately HK\$5,976,000 standing to the credit of the share premium of the Company was approved to be capitalised and applied in paying in full at par of 597,580,000 ordinary shares of HK\$0.01 each for allotment and issue to the then shareholders of the Company on 15 April 2020. This capitalisation issue was conditional on the share premium account of the Company being credited as a result of the Global Offering.
- (v) In connection with the Global Offering, 192,420,000 ordinary shares of par value of HK\$0.01 each were issued at a price of HK\$1.49 per share for a total cash consideration, before share issue expenses, of approximately HK\$286,706,000. Dealings in the shares of the Company on the Stock Exchange commenced on 15 April 2020.

13. IMPACT OF COVID-19

The outbreak of COVID-19 (the “**Outbreak**”) has spread to various other countries and regions, including Hong Kong, Macau and Singapore in early 2020. It has brought about additional uncertainties to the Group's operating environment and may impact the Group's operations and financial position. However, it is not possible to estimate the full impact of the Outbreak's short-term and long-term effects up to the date of this announcement. The Group will continue to monitor the development of these events and respond proactively to mitigate the impact of the Outbreak to the Group's financial position and financial performance.

14. EVENT AFTER THE REPORTING PERIOD

On 27 July 2020, the Group entered into a subscription agreement with a target company (“**Target Company**”) and its holding company whereby the Group agreed to subscribe for, and the Target Company agreed to allot and issue 20,000,000 shares at the aggregate subscription price of HK\$20,000,000 in cash. Details of which were set out in the announcement of the Company dated 27 July 2020.

15. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform with the current period's presentation. In the opinion of the directors of the Company, this presentation would better reflect the financial performance of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

From the financial reporting perspective, the Group operates three business segments, namely the distribution business, the retail stores business and the e-commerce business. The Group distributes and sells proprietary Chinese medicines (as defined in the Chinese Medicine Ordinance of Hong Kong) (“**PCM**”), health supplement, skin care, personal care and other healthcare products of third party brands and Private Label Brands (i.e. products developed and marketed under the brands of the Group and produced by external manufacturers engaged by the Group on an ODM basis). The distribution business is the Group’s major operating segment. The majority of the revenue of the Group comes from the distribution of its consumer products to large chain retailers, non-chain retailers (mainly pharmacies) and traders in Hong Kong. The retail stores business of the Group includes sales of products through its brick-and-mortar retail stores. The e-commerce business includes the operation of online stores and wholesale to e-commerce customers.

On 30 March 2020, the Company published its prospectus (“**Prospectus**”) in connection with the listing of its shares (“**Shares**”) on the Main Board of the Stock Exchange (“**Global Offering**”) when the Board was hopeful for the Group’s business to recover from the large-scale protests in various districts in Hong Kong (“**Social Unrest**”) albeit the outbreak of coronavirus pandemic (“**COVID-19**”) at its early stage then. In the Prospectus, relevant risk factors and warning statements were highlighted in connection with the outbreak of COVID-19 which was yet to become as disastrous as it is today, and of which the Directors like many others had little knowledge as to what would happen next at that point in time.

From the financial perspective, it was disclosed in the Prospectus that the outbreak of COVID-19 had had a minimal impact on the Group in view of the fact that the average revenue of the first two months of the financial year ending 31 December 2020 was broadly comparable with the average revenue of the last six months of the financial year ended 31 December 2019 and, in particular, the Group recorded a narrowed decrease in monthly revenue for February 2020 in percentage terms as compared with the decrease in monthly revenue for January 2020 (in comparison with the amount for February and January 2019 respectively).

COVID-19, which is still spreading across the globe, has brought a more profound and prolonged than expected impact on the economy of Hong Kong and its impact on the Group’s business became more evident in the months after the Prospectus was published. Against this backdrop, the Group’s revenue and profitability plummeted in the second quarter of 2020.

For the six months ended 30 June 2020 (“**Period**”), the Group’s sales amounted to HK\$183.6 million representing a decrease of 55.4% from HK\$412.2 million for the six months ended 30 June 2019 (“**Last Period**” or “**2019H1**”). The decline in the Group’s sales was closely aligned with the overall sales performance of medicine and cosmetics products in Hong Kong. The decline was mainly due to the reduction of economic activity caused by the outbreak of COVID-19 and the implementation of anti-pandemic measures such as gathering restrictions and travel bans, which led to a drastic drop in the number of Mainland Chinese visitors and weak consumer sentiments. For the Period, the Group recorded a loss of HK\$48.4 million (2019H1: a profit of HK\$44.5 million).

Although offline sales of the Group recorded a decrease for the Period due to COVID-19, e-commerce sales of the Group recorded an increase. For the Period, the Group's e-commerce sales revenue recorded a 19-fold increase to HK\$63.9 million from HK\$3.3 million for the Last Period. With the combined effect of reducing infection risk by staying home and the travel restrictions in Mainland China, consumers turned to e-commerce platforms which help the growth of the Group's e-commerce business. The Group's e-commerce revenue mainly derives from Mainland China, possibly because Mainland Chinese consumers turned to e-commerce platforms to purchase reputable anti-pandemic and healthcare products as visiting to Hong Kong through Individual Visit Scheme was restricted during the Period. The Group expects that the trend of consumers switching from offline to online shopping will continue and thus will continue its efforts in expanding the e-commerce business and actively explore the Mainland China market.

In the first half of 2020, the Group's exclusive distributorship business for Po Chai Pills (保濟丸) in Macau has officially commenced. Po Chai Pills is a well-known PCM brand in China and Hong Kong, one of the best-selling PCM products and a top souvenir choice of Mainland Chinese tourists. It is expected that Po Chai Pills will bring stable revenue to the Group. In the future, the Group will continue to explore and obtain the distributorship rights of more new healthcare, skin care and personal care products to provide consumers with a diversified selection of products.

On 1 June 2020, the Group announced that it had conditionally agreed to acquire 49% of the Hong Ning Hong Group (including Hong Ning Hong Limited and its subsidiary in Hong Kong) from Jacobson Pharma Corporation Limited. Through such acquisition which was completed on 15 June 2020, the Group has further expanded its offline sales network to other non-chain retailers in Hong Kong.

FUTURE OUTLOOK

Although COVID-19 has severely impacted the retail and distribution industry, the Group remains optimistic about the future outlook for the healthcare industry. In response to the current situation of the outbreak of COVID-19 in Hong Kong, the Hong Kong Government has further tightened the preventive measures to contain COVID-19. As a matter of fact, governments all over the world are also collaborating to keep COVID-19 under control. A number of countries are accelerating the development of effective drugs and vaccines concurrently and have made significant progress so far. It is hoped that, with the joint efforts from all around the world, COVID-19 will eventually be eased, and China and Hong Kong will reconnect again and drive the recovery of the market. Furthermore, the Group expects that after COVID-19, people around the world will have greater awareness of healthcare and epidemic prevention. Therefore, it is a great opportunity for anti-epidemic and health supplement industry to flourish.

COVID-19 has changed consumers' habit, driving them from shopping offline to shopping online. This phenomenon is reflected in the growth of the Group's e-commerce business despite the pandemic. As a result, the Group will seize the opportunity and allocate more resources to the development of the Group's e-commerce business, including but not limited to continue to set up more e-commerce stores and cooperate with more reputable brands for the distribution of their best-selling products. As China will be the Group's main focus for the development of e-commerce market given the enormous business opportunity therein, the future development plan of the Group will be to continue to wholesale PCM products to the Group's e-commerce customers such as JD.com, Inc., Alibaba Group Holding Limited and Alibaba Health Information Technology Limited for sales on the e-commerce portals such as JD.hk (海囤全球 京東旗下全球直購平台) and Tmall.com (天貓國際) as well as to set up more online stores operated by the Group on the popular e-commerce portals in China (such as JD.hk, Tmall.com, Kaola.com (網易考拉) and Youzan.com (有贊), etc.) which mainly target on Mainland Chinese consumers.

On the other hand, the aging of global population is one of the factors that drives the healthcare industry prosperous. According to the United Nations' statistics, the number and proportion of the elderly population in almost all countries in the world are increasing. The statistics in "World Population Prospects 2019: Revised Edition" published by the United Nations show that, 1 out of every 6 persons in the world will be 65 years old or above in 2050. By then, the population of elderly who are 80 years old or above is expected to double, from 143 million in 2019 to 426 million in 2050. The aging population may become one of the most important social issues in the 21st century. The constant growth of the aging population will greatly motivate the development of the health supplement product distribution industry.

Regarding the health supplement products distribution market in Mainland China, the plan initiated by the Central People's Government of the People's Republic of China will be the primary driving force for the development of the PCM and health supplement products distribution industry in China. The State Council issued the "National Nutrition Plan (2017-2030)" in July 2017, aiming to achieve the goals of raising awareness of nutrition and reducing anemia among the Chinese people by 2030. Upon realising the importance of nutrient intakes, more health supplements will be sought after by the Chinese consumers. Furthermore, the "Healthy China 2030 Planning Outline" issued in October 2016 also encourages experts to set up health centres and provide health consultations to the public, which may also help the promotion of PCM products in China.

Given the large population in China and the strong demand for reputable PCM and health supplement products, together with the favorable policies stated above, the Group expects that the future business growth will mainly come from Mainland China and therefore will continue to actively develop the Mainland China market. The Group entered into an agreement with a wholly-owned subsidiary of China Resources Pharmaceutical Group Limited ("**China Resources Pharmaceutical**") (stock code: 3320.hk), one of the substantial shareholders of the Company, on 11 March 2020 to set up a joint venture in China. The initial capital contribution from the Group was RMB1.5 million. It is expected that such joint venture will make good use of the China Resources Pharmaceutical's sales network of more than 100,000 downstream customers and over 850 self-owned retail pharmacies across Mainland China, to distribute high-quality anti-pandemic and healthcare related products selected by the Group from overseas for Chinese consumers.

The Group's marketing and promotion plan for the second half of 2020 will focus on digital marketing, mainly using social media as the main channel to promote and publicise the Group's Private Label Brands. In future, the Group will actively expand its O2O business and further develop the supply chain and retail management by adopting the online and offline dual-channel commerce strategy and establishing a KOL (key opinion leaders) team in Mainland China for products promotion. In addition, the Group is currently establishing a new subsidiary in Japan to liaise for the distributorship rights of more high-quality health and beauty related products, in order to further expand the diversity of its product collections.

Due to the pandemic, the current goal of the Group is to bring the business back to the level before COVID-19 and the Social Unrest. The Group will take a prudent attitude and continue to explore opportunities for mergers and acquisitions.

FINANCIAL REVIEW

Revenue

During the Period, revenue derived from the Group's distribution business decreased by 70.9% to HK\$116.3 million (2019H1: HK\$400.2 million). Revenue generated from the Group's retail stores business decreased by 61.2% to HK\$3.4 million (2019H1: HK\$8.8 million).

The business of the Group's major customers, being the leading and reputable chain retailers in Hong Kong, suffered from the Social Unrest in the second half of 2019 followed by the outbreak of COVID-19 in first half of 2020. Inevitably, the Group's business was, in turn, adversely affected by the weakened demand for its products in the same periods, as a result of the various stringent policies promulgated by the Hong Kong Government to combat COVID-19, such as the social distancing measures and stricter travel bans for inbound travelers which resulted in a drastic decrease in the number of cross-border travelers coming to Hong Kong and weak consumer sentiments.

Furthermore and by reason of the foregoing, the Group received requests from its chain retailer customers to return certain products with short-shelf life and/or less popular products to the Group in the second quarter of 2020 due to the weakened demand from offline consumers and the steep plunge in the number of inbound travelers. In order to maintain the good business relationship with these customers, the Group has accommodated these requests even though the transactions with them are on a buy-and-sell basis.

During the Period, revenue derived from the Group's e-commerce business increased substantially by 19 times to HK\$63.9 million (2019H1: HK\$3.3 million) which mainly derived from Mainland China. Such increase was mainly attributable to the tighter travel restrictions from Mainland China to Hong Kong, driving customers in Mainland China to resort to online platforms for anti-pandemic and healthcare products of good reputation and quality. As COVID-19 is rapidly changing people's behavior toward online channels and the shifts are likely to stick post-pandemic, the Group will continue to adapt online and offline dual-channel commerce strategy and expand its cross-border e-commerce network to distribute and sell more products to customers in Mainland China.

Cost of Sales

The cost of sales decreased by 50.5% to HK\$147.4 million for the Period as compared to that of HK\$297.8 million for the Last Period. The decrease was mainly attributable to the diminution in revenue for the Period.

Gross Profit and Gross Profit Margin

The gross profit decreased to HK\$36.2 million for the Period as compared to that of HK\$114.4 million for the Last Period, and the gross profit margin decreased by 8.1 percentage points to 19.7%. The decrease in gross profit margin is primarily attributable to (a) the change in the mix of sales i.e. more sales by way of cross-border e-commerce instead of offline sales, which generated a lower gross profit margin due to the fierce competition in the e-commerce market; and (b) the change in the mix of products sold i.e. more anti-pandemic products were sourced and sold by the Group and due to the keen competition of these products on the market, these products were sold at a relatively competitive price which also resulted in a lower gross profit margin.

Other Income and Gains

Other income and gains increased to HK\$2.1 million for the Period as compared to that of HK\$0.3 million for the Last Period, which mainly due to (a) the subsidy from Hong Kong Government's Employment Support Scheme; and (b) the gain on disposal of property, plant and equipment.

Selling and Distribution Expenses

The selling and distribution expenses of the Group for the Period were HK\$30.1 million, as compared to that of HK\$30.3 million for the Last Period. Despite the decrease in revenue during the Period, the selling and distribution expenses were at a similar level to the Last Period primarily attributable to the combined effect of the reduced expenses on advertisements as consumer sentiment was weak as a result of the widespread of COVID-19 and an increase in website service fee due to the increase in e-commerce sales.

General and Administrative Expenses

The Group's general and administrative expenses increased by 1.2 times to HK\$56.4 million for the Period as compared to that of HK\$26.1 million for the Last Period due to, among other factors:

- (a) a write-off of inventories of HK\$4.3 million (2019H1: Nil) for products which are not merchantable or products with short-shelf life returned from chain retailer customers of the Group;
- (b) a provision for inventories of HK\$10.8 million (2019H1: Nil) primarily due to the expected decrease in demand for certain of the Group's health and well-being related products as a result of the assessment carried out by the Group's sales team at the end of the Period, taking into account the on-going global spread of COVID-19 and the current extremely challenging business environment;
- (c) a one-off impairment on assets of HK\$6.5 million (2019H1: Nil), including the leased assets as right-of-use assets associated with the store's remaining lease, and some property, plant and equipment, in relation to the imminent closure of one of the two brick-and-mortar retail stores in Macau in mid-July 2020.

Having considered the location of the store in Macau, and the weak local tourism and retail industry in the second quarter of 2020 and the foreseeable future, the management of the Group came to a view that it is expedient for the Group to have such store in Macau closed for the time being. Nonetheless, the management does not rule out the possibility that the Group may open new store(s) or acquire new store(s) in Macau when the situation changes and when an opportunity arises; and

- (d) an increase in one-off listing expenses of approximately HK\$6.0 million to HK\$11.4 million (2019H1: HK\$5.4 million).

Finance Costs

Finance costs for the Period increased by 6.6% to HK\$3.0 million as compared to HK\$2.8 million for the Last Period due to the change in the Group's loan structure. The Group maintains a conservative approach in financial resource management.

Income Tax

The Group's business operations are predominately carried out in Hong Kong and, therefore, the Group is primarily subject to the Hong Kong profits tax.

Loss Attributable to Shareholders

The loss attributable to shareholders for the Period was HK\$48.4 million as compared to a profit of HK\$44.5 million for the Last Period.

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Group has funded the liquidity and capital requirements primarily through capital contributions from the shareholders of the Company, bank borrowings, cash generated from the operating activities and the net proceeds from the Global Offering ("**Net IPO Proceeds**").

As at 30 June 2020, the Group had cash and cash equivalents of approximately HK\$64.5 million (31 December 2019: HK\$50.4 million) of which were mainly denominated in Hong Kong dollars and Renminbi. The gearing ratio (defined as total debt divided by total equity, where total debt includes interest-bearing bank borrowings and lease liabilities) of the Group as at 30 June 2020 was 26.8% (31 December 2019: 140.8%). The decrease was mainly due to bank borrowings settled by part of the Net IPO Proceeds during the Period.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

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

PLEDGE OF ASSETS

As at 30 June 2020, certain of the Group's leasehold land and buildings with a net carrying amount of approximately HK\$49.2 million (31 December 2019: HK\$50.3 million) were pledged to secure certain bank loans granted to the Group.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Acquisition of 49% Interest in Hong Ning Hong from Jacobson Pharma

On 1 June 2020, an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement with a wholly-owned subsidiary of Jacobson Pharma Corporation Limited (“**Jacobson Pharma**”) (stock code: 2633.hk), pursuant to which the Group conditionally agreed to purchase 49% of the issued shares of Hong Ning Hong Group (including Hong Ning Hong Limited and its subsidiary in Hong Kong) from Jacobson Pharma at the consideration of HK\$41.7 million. The investment is accounted for as an investment in an associate by the Group. The Hong Ning Hong Group is principally engaged in the retail and wholesale of proprietary medicines and pharmaceutical products in Hong Kong. Such acquisition fills the gaps that the Group lacks offline retail outlets in Hong Kong other than through its chain retailer customers' outlets and such acquisition can drive online and O2O business of the Group. The acquisition allows the Group to increase the accessibility and availability of the Group's products, also expand the Group's offline sales to non-chain retailers and increase the market penetration of the Group's products to consumers. Completion of such acquisition took place on 15 June 2020.

The Hong Ning Hong Group has a complete business structure and customer network, and mainly operates two retail outlets in Hong Kong. The Group expects to gain access to the existing customer base of the Hong Ning Hong Group and increase the market's availability of the Group's products. In addition, through the retail and wholesale activities of the Hong Ning Hong Group, it is expected that the Group will obtain first-hand market information which will enable the Group to capitalise on further market opportunities and new product development with a view to providing growth potential of the Group.

For further details, please refer to the announcement of the Company dated 1 June 2020.

Save as disclosed, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the Period.

SIGNIFICANT INVESTMENT HELD

The Group did not hold any significant investments during the the Period.

CAPITAL COMMITMENT

As at 30 June 2020, the Group had capital commitment contracted for HK\$8.7 million in relation to the acquisition of an office premises in Hong Kong (31 December 2019: Nil).

CONTINGENT LIABILITIES

As at 30 June 2020, the Group had no material contingent liabilities (31 December 2019: Nil).

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

200,000,000 Shares are charged by Tycoon Empire Investment Limited (“**Tycoon Empire**”), the controlling shareholder of the Company, in favour of China Resources Pharmaceutical Retail Group Limited as security for the performance by Tycoon Empire and Mr. Wong Ka Chun Michael of their obligations under the shareholders’ agreement dated 19 February 2019 entered into among Tycoon Empire, Mr. Wong Ka Chun Michael, China Resources Pharmaceutical Retail Group Limited and the Company. For details of such charge, please refer to “Pre-IPO Investments” in the Prospectus.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group employed a total of 167 employees in Hong Kong, Mainland China, Macau, Singapore, Malaysia and Australia (2019H1: 135). For the Period, the total staff costs incurred was approximately HK\$19.6 million (2019H1: HK\$22.1 million). The Group’s remuneration policy is based on position, duties and performance of the employees. Employees’ remuneration varies according to their positions, which may include salary, overtime allowance, bonus and subsidies. The performance appraisal cycle varies according to the positions of employees.

EVENT AFTER THE REPORTING PERIOD

On 27 July 2020, Profit Cape Limited, an indirect wholly-owned subsidiary of the Company, JBM Group (BVI) Limited and JBM (Healthcare) Limited entered into a subscription agreement, pursuant to which Profit Cape Limited agreed to subscribe for, and JBM (Healthcare) Limited agreed to allot and issue 20,000,000 of its shares at a consideration of HK\$20.0 million in cash. For further details, please refer to the Company’s announcement dated 27 July 2020.

USE OF PROCEEDS FROM LISTING

The Company's shares were successfully listed on the Stock Exchange on 15 April 2020 ("**Listing Date**"), where a total of 192,420,000 Shares were issued by the Company by way of the Global Offering at the offer price of HK\$1.49 per Share and the Net IPO Proceeds (after deducting listing expenses) amounted to approximately HK\$224.2 million. As at 30 June 2020, a total amount of approximately HK\$149.5 million out of the Net IPO Proceeds had been utilised by the Group (in which approximately HK\$20.7 million in further developing the Group's supply chain and retail management, in particular, in expanding the Group's off-line sales channel; approximately HK\$1.9 million in broadening product selection; approximately HK\$2.8 million in brand management; approximately HK\$101.6 million in repaying bank borrowings and approximately HK\$22.5 million as general working capital of the Group). The Group has utilised and will continue to utilise the Net IPO Proceeds in accordance with the purposes set out in "Future Plans and Use of Proceeds" in the Prospectus.

As at the date of this announcement, the unutilised Net IPO Proceeds were deposited into interest-bearing bank accounts at licensed banks in Hong Kong.

DIVIDEND

The Board does not recommend the payment of any interim dividend for the Period (2019H1: paid final dividend of HK\$30.0 million in respect of the year ended 31 December 2018).

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**").

To the best of the knowledge of the Board, the Company has fully complied with the requirements under the CG Code, which are applicable to the Company, during the period from the Listing Date and up to 30 June 2020, except for the deviation from code provision A.2.1 of the CG Code.

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

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

Since the Listing Date and up to 30 June 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company, except that pursuant to the share award scheme (“**Share Award Scheme**”) adopted by the Board on 25 May 2020, the trustee of the Share Award Scheme purchased a total of 20,000,000 Shares at an aggregate consideration of approximately HK\$23.8 million.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions of the Company by the Directors (“**Securities Dealing Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiries with the Directors, all the Directors confirmed that they had complied with the Securities Dealing Code during the period from the Listing Date and up to 30 June 2020.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Board (“**Audit Committee**”) has reviewed together with the Company's management, the accounting principles and practices adopted by the Group, has discussed internal control and financial reporting matters and has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020.

The Audit Committee is satisfied that the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020 were prepared in accordance with the applicable accounting standards and fairly present the Group's financial position and results for the six months ended 30 June 2020.

PUBLICATION OF THE 2020 INTERIM RESULTS ANNOUNCEMENT AND 2020 INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.tycoongroup.com.hk). The interim report of the Company for the six months ended 30 June 2020 containing all the information required under the Listing Rules will be published on the aforesaid websites of the Stock Exchange and the Company and will be despatched to the Company's shareholders in due course.

By Order of the Board
Tycoon Group Holdings Limited
Wong Ka Chun Michael
Chairman and Chief Executive Officer

Hong Kong, 28 August 2020

Prior to the publication of this announcement, the Board comprised two executive Directors, namely Mr. Wong Ka Chun Michael and Mr. Chan Fan Shing (who resigned as of the same date of this announcement); four non-executive Directors, namely Mr. Yao Qingqi, Ms. Chong Yah Lien, Mr. Ng Wang Yu Gary and Ms. Li Ka Wa Helen; and three independent non-executive Directors, namely Mr. Wong Yuk Woo Louis, Mr. Chung Siu Wah and Ms. Chan Ka Lai Vanessa.