

# TATA Health International Holdings Limited

## TATA健康國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1255)



# 2022 INTERIM REPORT



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# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

Mr. Yang Jun (*Chairman*)  
Mr. Lai Wenjing

### Non-executive Directors

Mr. Lin Zheming  
Mr. Lin Jun  
Mr. Chu Chun Ho, Dominic  
Mr. Chen Anhua

### Independent Non-executive Directors

Mr. Xie Rongxing  
Mr. Wang Jian  
Ms. Tan Yuying

## Audit Committee

Mr. Wang Jian (*Chairman*)  
Mr. Xie Rongxing  
Ms. Tan Yuying

## Remuneration Committee

Mr. Xie Rongxing (*Chairman*)  
Mr. Yang Jun  
Mr. Wang Jian

## Nomination Committee

Mr. Yang Jun (*Chairman*)  
Mr. Xie Rongxing  
Mr. Wang Jian

## Authorized Representatives

Mr. Lai Wenjing  
Ms. So Ka Man

## Company Secretary

Ms. So Ka Man

## Registered Office

Clifton House  
75 Fort Street  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## Head Office and Principal Place of Business in Hong Kong

Flat F-J, 11th Floor  
Block 2, Kwai Tak Industrial Centre  
15-33 Kwai Tak Street  
Kwai Chung  
New Territories  
Hong Kong

## Stock Code

1255

## Website

[www.s-culture.com](http://www.s-culture.com)

## Legal Adviser

CFN Lawyers  
27/F, Neich Tower  
128 Gloucester Road  
Wanchai, Hong Kong

## Auditors

HLB Hodgson Impey Cheng Limited  
*Certified Public Accountants*  
31st Floor, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central, Hong Kong

## Cayman Share Registrar

Ocorian Trust (Cayman) Limited  
Clifton House  
75 Fort Street  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## Hong Kong Branch Share Registrar

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

## Principal Bankers

Bangkok Bank Public Company Limited  
Hang Seng Bank Limited  
National Australia Bank Limited

# FINANCIAL HIGHLIGHTS

		For the six months ended 30 June	
		2022	2021
Revenue	HK\$'000	<b>63,516</b>	73,116
Gross profit	HK\$'000	<b>52,549</b>	44,102
Profit/(loss) before taxation	HK\$'000	<b>16,706</b>	(31,654)
Profit/(loss) attributable to owners of the Company	HK\$'000	<b>20,169</b>	(27,083)
Gross profit margin	%	<b>82.7</b>	60.3
Profit/(loss) margin attributable to owners of the Company	%	<b>31.8</b>	(37.0)
Earning/(loss) per share — basic and diluted	HK\$	<b>0.083</b>	(0.123)

		As at	
		30 June 2022	31 December 2021
Current ratio		<b>0.8 times</b>	0.7 times
Gearing ratio		<b>116.1%</b>	311.8%
Average trade receivables turnover period		<b>19.4 days</b>	17 days
Average trade payables turnover period		<b>70 days</b>	16.4 days
Average inventory turnover period		<b>346.9 days</b>	215.4 days



# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)") of TATA Health International Holdings Limited ("TATA Health" or the "Company", together with its subsidiaries, the "Group"), I hereby present the Group's interim results for the six months ended 30 June 2022 (the "Reporting Period").



During the past six months, the global economy continued to decline under the influence of the COVID pandemic and the instability of the international situation. According to the information published by the Hong Kong Tourism Board, the number of visitor arrivals to Hong Kong for the first half year of 2022 was approximately 76,000 visitors, representing an increase of 125% compared to the corresponding period of last year. Nevertheless, the overall GDP of Hong Kong still decreased by 1.3% year on year, and the degree of economic recovery is still far from satisfactory. Being affected by this phenomenon, the footwear retail business, which accounted for the major revenue of the Group, recorded a decrease of 7.3% in revenue as compared with last year. Revenue from the footwear business for the Reporting Period was approximately HK\$61,951,000. However, due to the gain of approximately HK\$32,900,000 from the disposal of properties of the footwear business in January 2022, the Group achieved an overall turnaround from loss to profit during the Reporting Period, achieving a profit before tax of approximately HK\$16,706,000. The level of sustainability has also improved.

The revenue of the healthcare business segment in Australia, as another source of revenue for the Group, was only approximately HK\$0.2 million during the Reporting Period, which is due to the implementation of lockdowns and customs blockades in Australia as a result of the COVID pandemic. Despite this, with the strategic requirements and an optimistic view towards the future global healthcare market, the Group will continue to increase investment in this business segment and strengthen the cooperation with aXs, Mere and Biome (which are all mainstream natural healthcare products brands in Australia), and continue with research and development, and promote profitable and popular natural healthcare products.

For the financial services business, the segment recorded revenue of approximately HK\$964,000 during the Reporting Period due to the poor business environment during the Reporting Period.

The online medical sector, being a crucial part of the Group's strategic transformation towards the big health industry, is at the end of its initial stage. On the basis of completing the construction of a one-stop Internet medical platform, the Company will strengthen its marketing efforts and expand sales performance. Revenue of approximately HK\$379,000 in total has been recorded during the Reporting Period.

The Group is currently at the critical period of its strategic transformation towards the big health industry. Despite that the global economic environment is still being affected by various uncertainties, such as COVID pandemic, the Group will continue to strive to expand its big health business, implement effective market development strategies and identify new business development opportunities and acquisition targets in the healthcare industry, as well as recognize high-growth investment targets that are in line with the Company's strategies, so as to enhance the value of the Company and achieve further deployment in the healthcare sector. I, together with other members of the Board, will continue to contribute our competence and efforts to achieve more optimal returns to the shareholders of the Company.

By order of the Board

**TATA Health International Holdings Limited**

**Yang Jun**

*Chairman*

31 August 2022



# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATION REVIEW

### Footwear Business

Under the influence of the decline of Hong Kong's overall retail industry in the first half of 2022, revenue of the Group's footwear business for the Reporting Period was approximately HK\$62.0 million, representing an approximately 7.3% decrease from approximately HK\$66.9 million from the corresponding period of 2021. The Group had also recorded a same store sales decline of approximately 2.6% during the Reporting Period (30 June 2021: same store sales growth of approximately 12.2%).

### Healthcare Business

Revenue of the Group's healthcare business for the Reporting Period was approximately HK\$0.2 million (30 June 2021: approximately HK\$0.6 million). The slight decrease in revenue compared with the corresponding period of 2021 was due to the months of lockdown and customs blockade caused by the COVID pandemic in Australia.



### Financial Services Business

The operating revenue of DSG Finance Holdings (Hong Kong) Limited (a subsidiary of the Company) and its subsidiaries (collectively, the “DSG Group”) derives from: (i) advisory services in securities; (ii) investment management services; and (iii) advisory services in corporate finance.

During the Reporting Period, due to the lasting impact of the COVID pandemic, the DSG Group had only achieved a revenue of approximately HK\$1.0 million (30 June 2021: approximately HK\$4.3 million), which was mainly investment management income; and recorded a net loss of approximately HK\$1.8 million (30 June 2021: approximately HK\$2.1 million), which was due to the high labour costs, rental expenses & consultancy fees incurred.

### Online Medical Services Business

The online medical services business of the Group, being the first to obtain an internet medical licence, is still the first and only class III comprehensive Internet Hospital in Shanghai. It is entering into the post-entrepreneurial phase after completing the establishment of a one-stop Internet hospital platform.

During the Reporting Period, the recognized revenue of this business segment was approximately HK\$0.4 million (30 June 2021: approximately HK\$1.4 million), with a segment loss of approximately HK\$5.0 million (30 June 2021: approximately HK\$7.5 million), which was mainly due to high operation costs and the lockdown of Shanghai during the Reporting Period. By the end of the Reporting Period, the cumulative number of registered users of the Internet Hospital and orders for online consultation reached were approximately 98,500 and 20,000, respectively.

### Prospects

In the past six months, the global economy continued to be affected by the COVID pandemic. The Hong Kong Tourism Board announced on 28 July 2022 that there were about 76,000 visitors to Hong Kong in the first half of 2022, an 125% increase year on year. Nevertheless, the overall GDP of Hong Kong still decreased by 1.3% compared with the same period in 2021. The degree of economic recovery is still unsatisfactory.

In addition, according to the data released by the Census and Statistics Department of the HKSAR Government on 2 August 2022, the provisional estimate of the value of total retail sales in the first half of 2022 decreased by 2.6% year on year. Although the second stage consumption coupons to be issued will help support consumer demand, the future performance of the retail industry will still depend on the development of the epidemic in Hong Kong and the impact of the tightening of financial conditions on customers’ consumption ability and atmosphere. As part of the retail industry, the footwear business is also seriously affected. The Group will operate the footwear business prudently and continue to expand the source of customers on the premise of maintaining stable income in the second half of 2022.

Due to the unfavourable business environment in the past few years, the DSG Group did not carry out any type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) and the management of the DSG Group considered that it is no longer feasible to maintain the liquid capital required for such licence. The application in relation to the reduction of regulated activities has been approved in mid-July 2022. After the said reduction, members of the DSG Group are still licensed to carry out type 4 (advising in securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO. The DSG Group will continue to focus on developing the financing consultancy business and seek opportunities during the second half of 2022.

For the Group’s healthcare business in Australia, by fully understanding and integrating this huge market opportunity and customer demand, Sixth Avenue Plus Pty Ltd. (“SAP”), a subsidiary of the Company, will continue to build a competitive brand, supply chain and management model, develop and introduce new high-quality health supplements to customers, ensure supply stability and price advantage in order for the Australian natural health supplements and the 100% genuine security system to gain favor with customers in China.



# Management Discussion and Analysis

SAP will also remain dedicated to developing more sales channels and quality Australian supplement products with good, easy and fast services. In addition, SAP intends to work with highly undervalued brands with huge potential and become their exclusive distributor in the China market.

As a major layout under the big health transformation strategy, the internet medical sector is at the end of its initial stage. On the basis of completing the construction of a one-stop Internet hospital platform, the Company will strengthen its marketing efforts and expand sales performance.

Overall, there is still uncertainty in the future, and the performance of the Group may still be affected by unstable factors such as the COVID pandemic, etc. Nonetheless, the Group is committed to its strategic transformation towards the big health industry and will continue to strive to expand its healthcare business and implement effective market development strategies.





### Financial Review

#### Revenue

Revenue of the Group's businesses for the Reporting Period was approximately HK\$63.5 million, representing a decrease of approximately 13.1% from approximately HK\$73.1 million from the corresponding period of 2021.

#### Revenue from the Footwear Business

Revenue of the Group's footwear business for the Reporting Period was approximately HK\$62.0 million, representing an approximately 7.3% decrease from HK\$66.9 million from the corresponding period of 2021. With regard to the sales of footwear products of the major brands for the Reporting Period as compared with the corresponding period of 2021, sales of "Clarks" footwear products had decreased by approximately 14.3% and sales of "Josef Seibel" footwear products had increased by approximately 36.2%.

As at 30 June 2022, the Group operated 27 retail outlets in Hong Kong (30 June 2021: 30) and 1 retail outlet in Macau (30 June 2021: 1).

#### Revenue from the Financial Services Business

Revenue of the Group's financial services business for the Reporting Period was approximately HK\$1.0 million (30 June 2021: approximately HK\$4.3 million). The decrease in revenue was mainly due to the decrease of the demand of advisory services in securities and corporate finance as affected by the COVID pandemic.

#### Revenue from the Healthcare Business

Revenue of the Group's healthcare business for the Reporting Period was approximately HK\$0.2 million (30 June 2021: approximately HK\$0.6 million). The main reason for the continuous low level of sales activities was due to the COVID pandemic and the months of lockdown and customs blockade in Australia during the Reporting Period.

With regard to the sales of the major brands under distribution agreements for the Reporting Period, sales of aXs products accounted for almost 100% of the total sales turnover.

#### Revenue from the Online Medical Services Business

Revenue of the Group's online medical services business for the Reporting Period was approximately HK\$0.4 million (30 June 2021: approximately HK\$1.4 million). The decrease in revenue was mainly due to the decrease in the number of registered users and orders for on-line consultations reached compared with the corresponding period of 2021.

#### Cost of Sales

Cost of sales amounted to approximately HK\$11.0 million for the Reporting Period, representing approximately 17.3% of revenue (30 June 2021: approximately HK\$29.0 million, representing approximately 39.6% of revenue). The significant decrease in cost of sales was mainly due to the decrease in sales activities of the healthcare business and the decrease of inventory allowance for the footwear products.

### Gross Profit

Gross profit (which equals to revenue minus cost of sales) of the Group for the Reporting Period was approximately HK\$52.5 million, representing an increase of approximately 19.0% from approximately HK\$44.1 million from the corresponding period of 2021. Gross profit margin of the Group for the Reporting Period was approximately 82.7% (30 June 2021: approximately 60.3%). The increase in gross profit margin was due to the significant reduction in the above-mentioned cost of sales.

### Staff Costs

Staff costs for the Reporting Period were approximately HK\$38.2 million, representing approximately 60.1% of revenue (30 June 2021: approximately HK\$40.9 million, representing approximately 55.8% of revenue). The decrease in staff costs was mainly due to the decrease in number of staff of the online medical services business and the healthcare business as compared to the corresponding period of 2021.

### Depreciation

Depreciation accounted for approximately 7.7% of revenue for the Reporting Period (30 June 2021: approximately 11.8%).

### Finance Costs

Finance costs for the Reporting Period amounted to approximately HK\$1.1 million (30 June 2021: approximately HK\$0.47 million). The finance costs mainly consist of interest expenses incurred on the trade related financing facilities with banks, other borrowing and lease liabilities. The effective interest rates on the Group's borrowings during the Reporting Period ranged from 1.53% to 2.01% (30 June 2021: 1.5% to 4.1%).

### Profit Before Taxation

As a result of the foregoing, profit before taxation for the Reporting Period was approximately HK\$16.7 million (30 June 2021: loss before taxation of approximately HK\$31.7 million).

### Liquidity and Financial Resources

The Group finances its working capital with internally generated cash flows, bank borrowings and financial support from the Company's shareholders. As at 30 June 2022, the Group had bank deposits and cash amounting to approximately HK\$24.3 million (31 December 2021: approximately HK\$26.7 million), representing a decrease of approximately 8.9% from 31 December 2021. Most bank deposits and cash were denominated in Hong Kong dollars. As at 30 June 2022, the Group had short-term bank borrowings amounting to approximately HK\$11.9 million with annual interest rate of HIBOR plus 1.4% (31 December 2021: approximately HK\$15.7 million with annual interest rate of HIBOR plus 1.4%). As at 30 June 2022, the Group did not have any outstanding long-term borrowings, except for a loan from a related company and lease liabilities in the amount of approximately HK\$11.2 million and HK\$9.1 million, respectively (31 December 2021: approximately HK\$11.7 million and HK\$2.0 million, respectively).

### Pledge of Assets

As at 30 June 2022, investment properties, land and buildings, deposit and prepayment for a life insurance policy, time deposits and related company's land and buildings (31 December 2021: leasehold land and buildings, assets classified as held for sale, investment properties and deposit and prepayment for a life insurance policy) were pledged to secure the bank borrowings and banking facilities granted to the Group.

## Management Discussion and Analysis

### Gearing Ratio

As at 30 June 2022, the Group's gearing ratio (which equals to total debt to total equity) was approximately 116.1% (31 December 2021: approximately 311.8%). The decrease in gearing ratio resulted from the increase in net assets, which was due to the increase in non-current assets caused by no impairment of goodwill and intangible assets, and the decrease in current liabilities in the amount of approximately HK\$23.4 million, resulting from a reduction in the amounts due to related companies of HK\$37.0 million as set off against the consideration for the disposal of the properties under the trading of footwear products segment in early 2022.

### Treasury Policy

The Group adopts a treasury policy that aims to better control its treasury operations and lower its borrowing cost. As such, the Group endeavors to maintain an adequate level of cash and cash equivalents to address short-term funding needs. The Board also considers various funding sources depending on the Group's needs so as to ensure the financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations. The Board reviews and evaluates the Group's treasury policy from time to time to ensure its adequacy and effectiveness.





## Management Discussion and Analysis

### Future Plans for Material Investments or Acquisition of Capital Assets

The Group had no specific plans for material investments or acquisition of capital assets as at 30 June 2022.

### Significant Investments, Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Ventures

There were no significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

### Contingent Liabilities

As at 30 June 2022, the Group had no significant contingent liabilities (31 December 2021: Nil).

### Announcements pursuant to Rule 3.7 of the Code on Takeovers and Mergers of Hong Kong

On 7 May 2020, the Company had received a letter from Alvarez & Marsal Asia Limited regarding the appointment of Ms. Yeung Mei Lee and Ms. Wing Sze Tiffany Wong as joint and several receivers and managers (collectively, the “Receivers”) over certain shares of the Company (the “Charged Shares”) held by Starting Line Health Group Holdings Limited (“Starting Line Health”, previously known as Shang Ying Financial Holding Co., Limited), which had been charged to Great Wall International Investment X Limited. The number of Charged Shares was 123,993,617 and represented approximately 51.06% of the issued share capital of the Company as at the date of this report, and the Company was given to understand that the Receivers may look for potential purchaser(s) for the Charged Shares (the “Possible Transaction”) which was subsequently suspended in April 2021 and resumed in January 2022. For further details of the Possible Transaction, please refer to the announcements of the Company dated 8 May 2020, 12 May 2020, 12 June 2020, 13 July 2020, 13 August 2020, 11 September 2020, 12 October 2020, 12 November 2020, 11 December 2020, 12 January 2021, 11 February 2021, 12 March 2021, 12 April 2021, 13 January 2022, 11 February 2022, 11 March 2022, 13 April 2022, 13 May 2022, 13 June 2022, 13 July 2022, 12 August 2022 and 13 September 2022, respectively.

### Foreign Currency Risks

The Group’s sales and purchases for the Reporting Period were mostly denominated in Hong Kong dollars, Renminbi, Macau Pataca, Singapore dollars, Euros, United States dollars and Australian dollars. Renminbi is not a freely convertible currency, and the currency market for Macau Pataca is relatively small and undeveloped. In view of the above, future exchange rates of the above currencies could vary significantly from the current or historical exchange rates as a result of the controls that could be imposed by the respective governments and the depth and breadth of the respective markets of currency exchange. The respective exchange rates may also be affected by economic developments and geopolitical changes domestically and internationally, and the demand and supply of the respective currencies. The appreciation or devaluation of the respective currencies against Hong Kong dollars may also have an impact on the Group’s results.

The Group manages its foreign currency risk by closely monitoring the movements of foreign currency exchange rates. The Group did not enter into any foreign currency forward contracts to hedge against foreign currency risk as at 30 June 2022.

## THE SUBSCRIPTION

On 25 March 2021, each of Fly Smart Limited, Crystal Cosmic Limited, Ms. ZHU Tongxia, Mr. MIAO Xianrui and Mr. HAN Liang (the “Subscribers”) entered into a subscription agreement with the Company, pursuant to which the Company has conditionally agreed to allot and issue, and each of the Subscribers has conditionally agreed to subscribe for an aggregate of 28,845,000 new Shares (the “Subscription Share(s)”) at the subscription price of HK\$2.6 per subscription Share (the “Subscription”). The net price of each Subscription Share was approximately HK\$2.58 and the closing price per Share on the date of the subscription agreements was HK\$3.75. The Subscription was completed on 18 May 2021 and the gross proceeds and net proceeds raised were HK\$74,997,000 and HK\$74,497,000, respectively. For further details, please refer to the announcement and circular of the Company dated 25 March 2021 and 28 April 2021, respectively.

The following table sets out the details of the intended and actual use of the net proceeds from the Subscription:

	Approximate proportion of total amount	Intended use of net proceeds from the Subscription	Net proceeds utilised during the Reporting Period	Net proceeds utilised up to 30 June 2022	Unutilised net proceeds as at 30 June 2022	Expected timeline for utilising the unutilised net proceeds (Note)
Replenishment of the Company's working capital, for payment of items such as salaries, administrative expenses and fees charged by various professional parties	25%	HK\$18,624,250	Nil	HK\$18,624,250	Nil	—
Improvement of the Company's one-stop-shop Internet hospital platform, which will be mainly utilized in the areas of customer service support, user acquisition, product improvement and development	15%	HK\$11,174,550	Nil	HK\$11,174,550	Nil	—
For the Australian health supplement sector, strengthening the supply chain, developing and introducing new products, and developing the Zebra, online platform of the Company's subsidiary, SAP	30%	HK\$22,349,100	Nil	HK\$22,349,100	Nil	—
Seeking new business development opportunities and acquisition targets in the healthcare industry, identifying high-growth investment targets that are in line with the Company's strategy and enhance the Company's value	30%	HK\$22,349,100	HK\$268,640	HK\$21,349,120.9	HK\$999,979.1	By 31 December 2022
<b>Total</b>	<b>100%</b>	<b>HK\$74,497,000</b>	<b>HK\$268,640</b>	<b>HK\$73,497,020.9</b>	<b>HK\$999,979.1</b>	

Note: The expected timeline for utilising the unutilised net proceeds is based on the best estimation of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.



## Management Discussion and Analysis

### Human Resources

As at 30 June 2022, the Group employed 153 employees (31 December 2021: 185). Remuneration packages are generally structured with reference to prevailing market terms and individual qualifications and experience. During the Reporting Period, various training activities, such as training of product and service knowledge, management skills as well as local consumer laws, had been conducted to improve the performance of our staff members.

### Dividends

The Board has resolved not to declare an interim dividend for the Reporting Period (30 June 2021: Nil).

### 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 Reporting Period.

### Corporate Governance

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the Reporting Period.

### Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (Appendix 10 to the Listing Rules) (the "Model Code") as its own code of conduct regarding dealings in the Company's securities by the Directors. Following specific enquiry made to the Directors, each of them has confirmed their compliance with the required standard set out in the Model Code throughout the Reporting Period.

### Audit Committee

The audit committee of the Company has reviewed with the management the principal accounting policies adopted by the Group and discussed the risk management, internal controls and financial reporting matters including a review of the interim financial statements for the Reporting Period.

### Events after the Reporting Period

Save as disclosed in this report, no major subsequent events affecting the Group had occurred since the end of the Reporting Period and up to the date of this report.

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

For the six months ended 30 June 2022

	Notes	Six months ended	
		30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
Revenue	3	63,516	73,116
Cost of sales		(10,967)	(29,014)
Gross profit		52,549	44,102
Other income		2,624	2,716
Other gain and loss	5	31,882	(776)
Impairment loss under expected credit loss model, net	6	(48)	—
Selling and distribution costs		(28,886)	(28,237)
Administrative expenses		(39,928)	(48,104)
Share of results of an associate		(400)	(881)
Finance costs		(1,087)	(474)
Profit/(loss) before taxation	6	16,706	(31,654)
Taxation	7	—	—
Profit/(loss) for the period		16,706	(31,654)
Other comprehensive income			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		2,560	199
Total comprehensive income/(expense) for the period		19,266	(31,455)
Profit/(loss) for the period attributable to:			
Owners of the Company		20,169	(27,083)
Non-controlling interests		(3,463)	(4,571)
		16,706	(31,654)
Total comprehensive income/(expense) for the period attributable to:			
Owners of the Company		22,007	(26,655)
Non-controlling interests		(2,741)	(4,800)
		19,266	(31,455)
Earning/(loss) per share — basic and diluted (HK\$)	9	0.08	(0.12)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	At 30.6.2022 HK\$'000 (unaudited)	At 31.12.2021 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	24,668	10,938
Investment properties		2,100	2,100
Interests in associates		—	400
Loans to an associate		43,191	42,673
Deferred tax assets		5,150	5,150
Deposits and prepayment for a life insurance policy		1,920	1,918
Rental deposits and prepayment		2,946	2,127
		<b>79,975</b>	65,306
<b>Current assets</b>			
Inventories		22,456	19,578
Trade and other receivables	11	27,643	28,054
Amount due from a related company		2,587	7,071
Amounts due from associates		2,071	1,776
Pledged time deposits		20,336	20,292
Bank balances and cash		24,320	26,743
		<b>99,413</b>	103,514
Assets classified as held for sale		—	8,041
		<b>99,413</b>	111,555
<b>Current liabilities</b>			
Trade and other payables	12	76,536	67,439
Contract liabilities		153	216
Amounts due to related companies		8,770	42,355
Taxation payable		835	564
Lease liabilities		12,998	8,278
Other borrowing — due within one year		15,000	15,000
Bank borrowings — due within one year		11,902	15,707
		<b>126,194</b>	149,559
Net current liabilities		<b>(26,781)</b>	(38,004)
Total assets less current liabilities		<b>53,194</b>	27,302

## Condensed Consolidated Statement of Financial Position

At 30 June 2022

	Notes	<b>At 30.6.2022</b> <b>HK\$'000</b> <b>(unaudited)</b>	At 31.12.2021 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Lease liabilities		<b>9,075</b>	1,982
Loans from a related company		<b>11,248</b>	11,715
		<b>20,323</b>	13,697
<b>Net assets</b>			
		<b>32,871</b>	13,605
<b>Capital and reserves</b>			
Share capital	13	<b>2,428</b>	2,428
Reserves		<b>42,589</b>	20,582
<b>Equity attributable to owners of the Company</b>			
		<b>45,017</b>	23,010
Non-controlling interests		<b>(12,146)</b>	(9,405)
<b>Total equity</b>			
		<b>32,871</b>	13,605

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Special reserve	Legal reserve	Other reserve	Share-based compensation of a subsidiary	Property revaluation reserve	Translation reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note c)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2022 (audited)	2,428	221,340	15,800	12	1,672	—	3,870	(2,771)	(219,341)	23,010	(9,405)	13,605
Profit/(loss) for the period	—	—	—	—	—	—	—	—	20,169	20,169	(3,463)	16,706
Exchanges difference on translation from functional currency to presentation currency	—	—	—	—	—	—	—	1,838	—	1,838	722	2,560
Total comprehensive income/(expense) for the period	—	—	—	—	—	—	—	1,838	20,169	22,007	(2,741)	19,266
At 30 June 2022 (unaudited)	2,428	221,340	15,800	12	1,672	—	3,870	(933)	(199,172)	45,017	(12,146)	32,871
At 1 January 2021 (audited)	2,140	147,131	15,800	12	1,672	477	3,870	(2,442)	(158,580)	10,080	384	10,464
Loss for the period	—	—	—	—	—	—	—	—	(27,083)	(27,083)	(4,571)	(31,654)
Exchanges difference on translation from functional currency to presentation currency	—	—	—	—	—	—	—	428	—	428	(229)	199
Total comprehensive income/(expense) for the period	—	—	—	—	—	—	—	428	(27,083)	(27,133)	(4,800)	(31,455)
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	230	230
Placing of shares	288	74,205	—	—	—	—	—	—	—	74,493	—	74,493
Recognition of equity-settled share-based payments	—	—	—	—	—	(477)	—	—	—	(477)	—	(477)
At 30 June 2021 (unaudited)	2,428	221,336	15,800	12	1,672	—	3,870	(2,014)	(185,663)	57,441	(4,186)	53,255

## Notes:

- The special reserve of the Group represents the difference between the nominal amount of the share capital and share premium of Kong Tai Sundry Goods Company Limited ("Kong Tai Sundry Goods") and Grand Asian Limited, subsidiaries of the Company, and the nominal amount of share capital of the Company pursuant to a group reorganisation.
- As stipulated by the relevant laws and regulations in the Macau Special Administrative Region of the People's Republic of China ("Macau"), a subsidiary of the Company is required to set aside 25% of its profit for the period to a legal reserve until the legal reserve has reached 50% of its registered capital.
- The other reserve of the Group represents the deemed capital contribution arising from interest-free loans from a related company.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended	
	30.06.2022 HK\$'000 (unaudited)	30.06.2021 HK\$'000 (unaudited)
<b>Net cash generated from/(used in) operating activities</b>	<b>503</b>	(1,197)
<b>Investing activities</b>		
Interest received	87	254
Placement of time deposits over three months	(44)	(15)
Dividends received from associates	—	(5,026)
Advance to associates	(370)	—
Repayment from a related company	4,514	—
Purchase of property, plant and equipment	(1,076)	(7,697)
Proceeds on disposals of property, plant and equipment	1,000	348
Refund of rental deposits	—	150
<b>Net cash generated from/(used in) investing activities</b>	<b>4,111</b>	(11,986)
<b>Financing activities</b>		
Placing of shares	—	74,496
Deemed capital contribution from related companies	—	(3)
Capital contribution from non-controlling interests	—	229
Advance from immediate holding company	—	24
Repayment to an associate	—	(49,324)
Repayment of bank borrowings	(3,805)	(6,731)
Repayment of lease liabilities	(6,207)	(3,695)
Advance from a related company	2,878	15,004
Interest paid	(397)	(474)
Repayment to immediate holding company	—	(7,342)
<b>Net cash (used in)/generated from financing activities</b>	<b>(7,531)</b>	22,184
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,917)</b>	9,001
<b>Cash and cash equivalents at beginning of the period</b>	<b>26,743</b>	28,208
Effect of foreign exchange rate changes	494	(614)
<b>Cash and cash equivalents at end of the period, representing bank balances and cash</b>	<b>24,320</b>	36,595

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 1. Basis of Preparation

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

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the functional currency of the Company.

As at 30 June 2022, the Group’s current liabilities exceeded its current assets by approximately HK\$26,781,000 (31 December 2021: HK\$38,004,000).

Notwithstanding the above results, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent upon the success of the Group’s future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements. Also, the Directors are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

### 1) Financial support from ultimate controlling party

Mr. Yang Jun, the ultimate controlling party of the Company, has agreed to continuously provide financial support for the continuing operations of the Company so as to enable it to meet its liabilities when they fall due and carry on its business without a significant curtailment of operations in the twelve months from date of approval for issue of these consolidated financial statements.

### 2) Alternative sources of external funding

At 30 June 2022, the Group had unutilised banking facilities.

### 3) Disposal of existing assets

The Group will also consider to dispose of its properties and other assets at a favourable consideration to improve its liquidity when appropriate.

## 2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

### Application of amendments to HKFRSs

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

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

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



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 3. Revenue

#### Disaggregation of revenue from contracts with customers

	Six months ended	
	30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
Sales of goods		
Footwear products	61,951	66,870
Healthcare products	222	621
Financial services	964	4,250
Online medical services	379	1,375
	<b>63,516</b>	73,116
Sales of channel		
Retail	60,208	64,729
Wholesale	1,743	2,141
Internet	601	1,996
Corporate	964	4,250
	<b>63,516</b>	73,116
Time of revenue recognition		
A point in time	62,173	68,662
Over time	1,343	4,454
	<b>63,516</b>	73,116

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 4. Operating Segment

Information reported to the executive Directors, being the chief operating decision makers (the "CODM"), for the purposes of resource allocation and assessment of segment performance which focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under HKFRS 8 "Operating Segments" are as follows:

1. Trading of footwear products
2. Trading of healthcare products
3. Financial services
4. Online medical services

No operating segments have been aggregated in arriving at the reportable segments of the Group.

#### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the six months ended 30 June 2022 (unaudited)

	Trading of footwear products HK\$'000	Trading of healthcare products HK\$'000	Financial services HK\$'000	Online medical services HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Total HK\$'000
Revenue							
External sales	61,951	222	964	379	63,516	—	63,516
Segment results	31,095	(2,304)	(1,767)	(5,003)	22,021	—	22,021
Share of results of an associate							(400)
Unallocated income							593
Unallocated expenses							(5,508)
Profit before taxation							16,706

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 4. Operating Segment (Continued)

#### Segment revenue and results (Continued)

For the six months ended 30 June 2021 (unaudited)

	Trading of footwear products HK\$'000	Trading of healthcare products HK\$'000	Financial services HK\$'000	Online medical services HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Total HK\$'000
Revenue							
External sales	66,870	621	4,250	1,375	73,116	—	73,116
Segment results	(13,824)	(2,635)	(2,145)	(7,474)	(26,078)	—	(26,078)
Unallocated income							72
Unallocated expenses							(5,648)
Loss before taxation							(31,654)

#### Geographical information

Information about the Group's revenue from external customers is presented based on the location of the respective group entities' operations:

	Six months ended	
	30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
Hong Kong	58,056	66,662
Australia	222	621
Macau	4,859	4,458
Mainland China	379	1,375
	<b>63,516</b>	73,116

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit/(loss) resulted from each segment without allocation of central administration costs and rental income. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 4. Operating Segment (Continued)

#### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	At 30.6.2022 HK\$'000 (unaudited)	At 31.12.2021 HK\$'000 (audited)
<b>Segment assets</b>		
Trading of footwear products	110,868	98,134
Trading of healthcare products	1,329	1,392
Financial services	7,766	8,860
Online medical services	5,660	5,359
Total reportable segment assets	125,623	113,745
Unallocated assets	53,765	63,116
Consolidated assets	179,388	176,861
<b>Segment liabilities</b>		
Trading of footwear products	69,414	52,560
Trading of healthcare products	3,493	1,512
Financial services	4,704	3,624
Online medical services	23,067	18,974
Total reportable segment liabilities	100,678	76,670
Unallocated liabilities	45,839	86,586
Consolidated liabilities	146,517	163,256

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 5. Other Gain and Loss

	Six months ended	
	30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
Net exchange loss	(1,077)	(776)
Gain on disposal of properties	32,959	—
	<b>31,882</b>	(776)

### 6. Profit/(Loss) Before Taxation

	Six months ended	
	30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
Profit/(loss) before taxation has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	5,991	8,379
Premium charges on a life insurance policy	14	14
Staff costs, including directors' emoluments	38,164	40,857
Reversal of allowance for inventories, included in cost of sales	(13,162)	—
COVID-19-related rent concessions	(625)	(335)
Allowance for expected credit losses on financial assets (Note)	48	—
Rental income	(72)	(72)
Government grants, included in other income	(1,696)	—
Interest income	(608)	(116)
Imputed interest income on rental deposits	(62)	(103)
Imputed interest income from deposits and prepayment for a life insurance policy	(16)	(16)

Note:

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 7. Taxation

	Six months ended	
	30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
Current tax		
Hong Kong Profits Tax	—	—
Macau Complementary Tax	—	—
Deferred taxation	—	—
	—	—

The Company, which was incorporated in the Cayman Islands, together with those group entities incorporated in the British Virgin Islands, have no assessable profits for both periods.

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

Macau Complementary Tax is calculated at the rate of 12% (six months ended 30 June 2021: 12%) on the estimated assessable profit exceeding MOP600,000 for the period.

Under the applicable corporate tax law in Australia, income tax is charged at 30% of the estimated assessable profit. No provision for Australian income tax has been made in the condensed consolidated financial statements as the subsidiary operating in Australia has no assessable profits for both periods.

Taiwan income tax is calculated at 20% (six months ended 30 June 2021: 20%) on the estimated assessable profit of a branch of Kong Tai Sundry Goods in Taiwan for the period. No provision for Taiwan income tax has been made in the condensed consolidated financial statements as the branch operating in Taiwan has no assessable profits for both periods.

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% (six months ended 30 June 2021: 25%). No provision for PRC Enterprise Income Tax has been made in the condensed consolidated financial statements as the subsidiaries operating in the PRC have no assessable profits for both periods.

### 8. Dividends

No dividends were paid, declared or proposed during the interim period (six months ended 30 June 2021: nil). The Directors have determined that no dividend will be paid in respect of the interim period.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 9. Earning/(Loss) Per Share

The calculation of the basic and diluted earning/(loss) per share for the six months ended 30 June 2022 is based on the profit for the period attributable to owners of the Company of HK\$20,169,000 (six months ended 30 June 2021: loss of HK\$27,083,000) and the weighted average number of 242,845,000 (six months ended 30 June 2021: 221,012,044) ordinary shares for the purpose of basic and diluted earning/(loss) per share during the period.

### 10. Property, Plant and Equipment

During the six months ended 30 June 2022, the Group spent HK\$1,076,000 (six months ended 30 June 2021: HK\$7,697,000) on purchase of property, plant and equipment.

During the six months ended 30 June 2022, the Group entered into new lease agreements for the use of retail shops and offices. The Group is required to make fixed monthly payments during the contract period on the existing lease agreements. On lease commencement during the six months ended 30 June 2022, the Group recognised HK\$18,645,000 of right-of-use assets (six months ended 30 June 2021: HK\$6,807,000).

Certain rent concessions occurred as a direct consequence of the COVID-19 pandemic and meeting all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. During the current interim period, the effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK\$625,000 (six months ended 30 June 2021: HK\$335,000) were recognised as negative variable lease payments.

#### Impairment assessment

As a result of the current economic environment related to the COVID-19 pandemic still in effect, the Group is experiencing negative conditions that the relevant property, plant and equipment may be impaired. During the six months ended 30 June 2022, the management of the Group conducted impairment assessment on carrying amounts of certain cash-generating units within footwear segment. Based on the result of the assessment, no impairment loss recognised during the current interim period (2021: nil).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 11. Trade and Other Receivables

Retail sales of footwear products are made at retail shops and concession counters in department stores. The department stores collect payments from the ultimate customers and then repay the balance after deducting the concessionaire commission to the Group. The credit period granted to department stores range from 30 to 60 days. Sales made at retail shops are settled by cash or credit cards. For wholesale of footwear products, trading of healthcare products and provision of financial services, the Group allows a credit period ranging from 30 to 90 days to its trade customers. The following is an aging analysis of trade receivables presented based on the invoice date at the end of each reporting period:

	<b>At 30.6.2022</b> <b>HK\$'000</b> <b>(unaudited)</b>	At 31.12.2021 HK\$'000 (audited)
Within 30 days	4,548	5,507
31 to 60 days	321	989
61 to 90 days	441	512
Over 90 days	421	892
	<b>5,731</b>	7,900

### 12. Trade and Other Payables

The following is an aging analysis of trade payables based on invoice date at the end of each reporting period:

	<b>At 30.6.2022</b> <b>HK\$'000</b> <b>(unaudited)</b>	At 31.12.2021 HK\$'000 (audited)
Within 30 days	535	1,296
31 to 60 days	1,556	219
61 to 90 days	367	—
Over 90 days	2,830	1,677
	<b>5,288</b>	3,192

The average credit period of trade payables is 30 days.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 13. Share Capital

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2021 and 30 June 2021, 1 January 2022 and 30 June 2022	500,000,000	5,000
Issued and fully paid:		
As at 1 January 2021	214,000,000	2,140
Placing of shares (Note)	28,845,000	288
As at 30 June 2021, 1 January 2022 and 30 June 2022	242,845,000	2,428

Note: On 18 May 2021, the Company issued 28,845,000 ordinary shares of HK\$0.01 at HK\$2.60 per share by way of placing mainly to raise funding for business development. All shares issued rank pari passu in all respects with the then existing shares.

### 14. Fair Value of Measurements of Financial Instruments

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

### 15. Related Party Transactions

In addition to the transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had entered into the following related party transactions:

Name of related companies	Nature of transactions	Six months ended	
		30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
Pharma Science Australia Pty. Ltd. (Note a)	Purchase of goods	76	13
Shang Ying Holdings Group Limited (Note b)	Short-term lease expense	988	819

Notes:

- (a) This company is a subsidiary of one of the Group's associate.
- (b) Mr. Yang Jun, a Director is the controlling shareholder of this company.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 15. Related Party Transactions (Continued)

#### Compensation of key management personnel

The remuneration of key management of the Group during the period was as follows:

	Six months ended	
	30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
Salaries and allowance	4,095	4,278
Retirement benefit schemes contributions	30	49
	<b>4,125</b>	4,327

Key management personnel are deemed to be members of the Board which has the responsibility for planning, directing and controlling the activities of the Group.

# GENERAL INFORMATION

## Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2022, the interests of the Directors and chief executive in the shares, underlying shares or debentures of the Company and/or its associated corporations, which were required, pursuant to Section 352 of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the "SFO"), to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

### (A) Long position in the issued shares of the Company

<b>Name of Director</b>	<b>Nature of interests</b>	<b>Note</b>	<b>Number of the Company's shares interested</b>	<b>Percentage of the Company's issued share capital*</b>
Mr. Yang Jun	Interest held by controlled corporations	1	149,993,617	61.77%
Mr. Chu Chun Ho, Dominic	Person having a security interest in shares	2	22,000,000	9.06%

Notes:

(1) These shares were held by Starting Line Health, a wholly-owned subsidiary of Shang Ying International Holdings Limited ("Shang Ying International"), which was in turn wholly owned by Mr. Yang Jun. Accordingly, Mr. Yang Jun was deemed to be interested in these shares of the Company pursuant to Part XV of the SFO.

(2) Mr. Chu Chun Ho, Dominic and Mr. Chong Hot Hoi (a former Director) were jointly having security interest in these shares of the Company.

\* The percentage represents the number of the Company's shares interested divided by the number of the Company's issued shares as at 30 June 2022.

## (B) Long position in the shares of associated corporations of the Company

<b>Name of associated corporation</b>	<b>Name of Director</b>	<b>Nature of interests</b>	<b>Number of the associated corporation's shares interested</b>	<b>Percentage of the associated corporation's issued share capital<sup>+</sup></b>
Starting Line Health	Mr. Yang Jun	Interest held by controlled corporation	10,000	100%
Shang Ying International	Mr. Yang Jun	Beneficial owner	100	100%

Note: Mr. Yang Jun held the entire issued share capital of Shang Ying International, which in turn held the entire issued share capital of Starting Line Health. As Starting Line Health held more than 50% of the issued share capital of the Company, and Shang Ying International held more than 50% of the issued share capital of Starting Line Health, Starting Line Health and Shang Ying International were the associated corporations of the Company within the meaning of Part XV of the SFO.

<sup>+</sup> The percentage represents the number of the associated corporation's shares interested divided by the number of the associated corporation's issued shares as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executive of the Company had registered an interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2022, the following persons (other than the Directors or chief executive of the Company) had interests in the issued shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

### Long position in the issued shares of the Company

Name of shareholder	Nature of interests	Notes	Number of the Company's shares interested	Percentage of the Company's issued share capital*
Starting Line Health	Beneficial owner	1	149,993,617	61.77%
Great Wall International Investment X Limited	Person having a security interest in shares	2 & 3	123,993,617	51.06%
China Great Wall AMC (International) Holdings Company Limited	Interest held by controlled corporation	2 & 3	123,993,617	51.06%
China Great Wall Asset Management Co., Ltd.	Interest held by controlled corporations	2 & 3	123,993,617	51.06%
Ms. Yeung Mei Lee	Joint and several receivers and managers	2 & 3	123,993,617	51.06%
Ms. Wong Wing Sze Tiffany	Joint and several receivers and managers	2 & 3	123,993,617	51.06%
Mr. Chong Hot Hoi	Person having a security interest in shares	4	22,000,000	9.06%
Mr. Liu Shaolin	Beneficial owner	5	14,848,000	6.11%
Ms. Li Yun	Interest held by spouse	5	14,848,000	6.11%

Notes:

- (1) The above interest of Starting Line Health was also disclosed in note (1) in the above section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares — (A) Long position in the issued shares of the Company".
- (2) These shares held by Starting Line Health were pledged to Great Wall International Investment X Limited ("Great Wall X") to secure the repayment, obligations and responsibilities of a loan made by Great Wall X to Starting Line Health. Great Wall X was therefore deemed to be interested in these shares of the Company pursuant to Part XV of the SFO. In addition, the issued share capital of Great Wall X was wholly owned by China Great Wall AMC (International) Holdings Company Limited ("China Great Wall AMC"), which was in turn wholly owned by China Great Wall Asset Management Co., Ltd. ("China Great Wall"). Accordingly, China Great Wall and China Great Wall AMC were deemed to be interested in these shares of the Company which were deemed to be interested by Great Wall X pursuant to Part XV of the SFO.

- (3) On 6 May 2020, Ms. Wong Wing Sze Tiffany and Ms. Yeung Mei Lee were appointed as the joint and several receivers and managers (the "Receivers") over these shares held by Starting Line Health pledged to Great Wall X. Accordingly, the Receivers were deemed to be interested in these shares of the Company pursuant to Part XV of the SFO.
- (4) The above interest of Mr. Chong Hot Hoi was also disclosed as the interest of Mr. Chu Chun Ho, Dominic in note (2) in the above section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares — (A) Long position in the issued shares of the Company".
- (5) These 14,848,000 shares were held by Mr. Liu Shaolin, the spouse of Ms. Li Yun. Accordingly, Ms. Li was deemed to be interested in these shares pursuant to the SFO.
- \* The percentage represents the number of the Company's shares interested divided by the number of the Company's issued shares as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, no person, other than the Directors and chief executive of the Company whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" above, had an interest or a short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

## Share Option Scheme

The Company adopted a share option scheme (the "Share Option Scheme") on 11 June 2013. The purpose of the Share Option Scheme is to enable the Group to grant options to the eligible participants to (i) motivate them to optimize their performance and efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain ongoing business relationship with eligible participants whose contributions are, will or expected to be beneficial to the Group.

The Board may, at its absolute discretion, grant an option to eligible participant(s) to subscribe for the shares of the Company at an exercise price and subject to the other terms of the Share Option Scheme. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 20,000,000 shares, being approximately 8.24% of the total number of shares of the Company in issue at the date of this report.

The Share Option Scheme will remain in force for a period of ten years from its adoption date. Subject to certain restrictions contained in the Share Option Scheme, an option may be exercised in accordance with the terms of the Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten years from the date of grant of option. There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme. However, at the time of granting any option, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the options to be held and/or the performance targets to be achieved as the Board may determine at its absolute discretion. The Directors confirm that the Share Option Scheme is in compliance with Chapter 17 of the Listing Rules. Up to the date of this report, no option had been granted by the Company under the Share Option Scheme since its adoption.

### **Update on Director's Information**

During the six months ended 30 June 2022, there was no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### **Appreciation**

The Board would like to thank the management of the Group and all our staff for their hard work and dedication, as well as its shareholders, business partners and associates, bankers and auditors for their support to the Group.