HENG TAI CONSUMABLES GROUP LIMITED
亨泰消費品集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00197)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Heng Tai Consumables Group Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 31 December 2023 (the "**Period**") together with the comparative figures for the corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 31 December 2023

		Six months ended 31 December	
		2023	2022
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
REVENUE	*4*	**241,559**	244,474
Cost of sales		**(222,108)**	(227,730)
GROSS PROFIT		**19,451**	16,744
Changes in fair value due to biological transformation		**(12,094)**	(15,127)
Other gains and income		**5,432**	6,231
Selling and distribution expenses		**(19,886)**	(15,440)
Administrative expenses		**(29,874)**	(32,194)
Other operating expenses		**(5,682)**	(14,423)
LOSS FROM OPERATIONS		**(42,653)**	(54,209)
Finance costs	*6*	**(177)**	(342)
LOSS BEFORE TAX		**(42,830)**	(54,551)
Income tax credit	*7*	**–**	145
LOSS FOR THE PERIOD	*8*	**(42,830)**	(54,406)
Attributable to:			
Owners of the Company		**(42,830)**	(54,406)
LOSS PER SHARE	*10*		*(Restated)*
— Basic		**HK(40.8 cents)**	HK(51.8 cents)
— Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 31 December 2023

	Six months ended 31 December	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the Period	**(42,830)**	(54,406)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Fair value change on revaluation of buildings	**–**	(63)
Deferred tax liability on revaluation of buildings	**–**	16
	–	(47)
Items that have been or may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**973**	(10,011)
Release of reserve upon redemption of financial assets at fair value through other comprehensive income ("**FVTOCI**")	**–**	1,915
	973	(8,096)
Other comprehensive income for the Period, net of tax	**973**	(8,143)
Total comprehensive income for the Period	**(41,857)**	(62,549)
Attributable to:		
Owners of the Company	**(41,857)**	(62,549)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Note	**31 December 2023 (Unaudited) *HK$'000***	30 June 2023 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Fixed assets		**198,608**	207,485
Right-of-use assets		**41,325**	41,082
Construction in progress		**71,723**	70,299
Bearer plants		**86,969**	89,473
Other intangible assets		**3,276**	374
Other assets		**205**	673
Investment in a club membership		**108**	108
Investments	*11*	**–**	63,504
Deferred tax assets		**8,733**	8,733
		410,947	481,731
Current assets			
Biological assets		**8,078**	17,878
Inventories		**108,601**	105,317
Trade receivables	*12*	**230,078**	202,298
Prepayments, deposits and other receivables		**101,816**	120,196
Investments	*11*	**69,042**	4,877
Pledged bank deposits		**7,182**	12,183
Client trust bank balances		**307**	7,199
Bank and cash balances		**87,078**	121,830
		612,182	591,778
TOTAL ASSETS		**1,023,129**	1,073,509

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2023

	Note	31 December 2023 (Unaudited) *HK$'000*	30 June 2023 (Audited) *HK$'000*
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	*14*	**210,141**	210,141
Reserves		**718,072**	759,929
Total equity		**928,213**	970,070
Non-current liabilities			
Lease liabilities		**5,517**	5,687
Deferred tax liabilities		**12,537**	12,367
		18,054	18,054
Current liabilities			
Trade payables	*13*	**61,786**	64,106
Accruals and other payables		**8,286**	9,197
Borrowings		**5,771**	10,460
Lease liabilities		**1,019**	1,622
		76,862	85,385
Total liabilities		**94,916**	103,439
TOTAL EQUITY AND LIABILITIES		**1,023,129**	1,073,509
Net current assets		**535,320**	506,393
Total assets less current liabilities		**946,267**	988,124

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2023

	Unaudited										
	Attributable to owners of the Company										
	Share capital *HK\$'000*	Share premium account *HK\$'000*	Legal reserve *HK\$'000*	Foreign currency translation reserve *HK\$'000*	Property revaluation reserve *HK\$'000*	FVTOCI reserve *HK\$'000*	Special reserve *HK\$'000*	Accumulated losses *HK\$'000*	Total *HK\$'000*	Non-controlling interests *HK\$'000*	Total equity *HK\$'000*
At 1 July 2022	210,141	2,390,451	97	99,133	18,434	(1,915)	(86,094)	(1,521,857)	1,108,390	(41)	1,108,349
Loss for the period	–	–	–	–	–	–	–	(54,406)	(54,406)	–	(54,406)
Other comprehensive income	–	–	–	(10,011)	(47)	1,915	–	–	(8,143)	–	(8,143)
Total comprehensive income for the period	–	–	–	(10,011)	(47)	1,915	–	(54,406)	(62,549)	–	(62,549)
Deregistration of subsidiaries	–	–	–	–	–	–	86,094	(86,094)	–	41	41
At 31 December 2022	210,141	2,390,451	97	89,122	18,387	–	–	(1,662,357)	1,045,841	–	1,045,841

	Unaudited						
	Attributable to owners of the Company						
	Share capital ***HK\$'000***	**Share premium account** ***HK\$'000***	**Legal reserve** ***HK\$'000***	**Foreign currency translation reserve** ***HK\$'000***	**Property revaluation reserve** ***HK\$'000***	**Accumulated losses** ***HK\$'000***	**Total equity** ***HK\$'000***
At 1 July 2023	**210,141**	**2,390,451**	**97**	**85,178**	**17,750**	**(1,733,547)**	**970,070**
Loss for the Period	**–**	**–**	**–**	**–**	**–**	**(42,830)**	**(42,830)**
Other comprehensive income	**–**	**–**	**–**	**973**	**–**	**–**	**973**
Total comprehensive income for the Period	**–**	**–**	**–**	**973**	**–**	**(42,830)**	**(41,857)**
At 31 December 2023	**210,141**	**2,390,451**	**97**	**86,151**	**17,750**	**(1,776,377)**	**928,213**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2023

	Six months ended 31 December	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cash flows from operating activities		
Operating loss before working capital changes	**(10,208)**	(15,922)
(Increase)/decrease in working capital	**(25,204)**	1,598
Cash used in operations	**(35,412)**	(14,324)
Interest on borrowings paid	**(37)**	(100)
Net cash used in operating activities	**(35,449)**	(14,424)
Cash flows from investing activities		
Purchase of fixed assets	**(101)**	(1,181)
Proceeds from redemption of financial assets at FVTOCI	**–**	25,500
Decrease in pledged bank deposits	**5,001**	4,029
Decrease in time deposits with original maturity over three months	**796**	21,953
Other cash flows arising from investing activities	**1,760**	(4,195)
Net cash generated from investing activities	**7,456**	46,106
Cash flows from financing activities		
Repayment of bank borrowings	**(9,689)**	(22,112)
Drawdown of bank borrowings	**5,000**	20,000
Other cash flows arising from financing activities	**(894)**	(1,513)
Net cash used in financing activities	**(5,583)**	(3,625)
Net (decrease)/increase in cash and cash equivalents	**(33,576)**	28,057
Cash and cash equivalents at 1 July	**120,889**	100,434
Effect of foreign exchanges rate changes	**(380)**	(4,756)
Cash and cash equivalents at 31 December	**86,933**	123,735
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances in the condensed consolidated statement of financial position	**87,078**	147,004
Less: Time deposits with original maturity over three months	**(145)**	(23,269)
Cash and cash equivalents in the condensed consolidated statement of cash flows	**86,933**	123,735

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2023

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

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

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2023. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements and segment information are consistent with those used in the audited financial statements and segment information for the year ended 30 June 2023.

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

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2023. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and the prior years.

3. FINANCIAL INSTRUMENTS

Fair value measurements

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

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

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

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

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

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

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

Description	**Fair value measurements using:**			**Total 31 December 2023 (Unaudited)**
	Level 1	**Level 2**	**Level 3**	
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurements:				
Financial assets at fair value through profit or loss ("**FVTPL**")				
— Listed equity securities in Hong Kong	**4,593**	**–**	**–**	**4,593**
— Unlisted debt investments in Hong Kong	**–**	**–**	**64,449**	**64,449**
Buildings				
Commercial and industrial				
— People's Republic of China (the "**PRC**")	**–**	**–**	**87,255**	**87,255**
Total recurring fair value measurements	**4,593**	**–**	**151,704**	**156,297**

Description	Fair value measurements using:			Total 30 June 2023 (Audited)
	Level 1	Level 2	Level 3	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements:				
Financial assets at FVTPL				
— Listed equity securities in Hong Kong	4,877	–	–	4,877
— Unlisted equity securities outside Hong Kong	–	–	351	351
— Unlisted debt investments in Hong Kong	–	–	63,153	63,153
Buildings				
Commercial and industrial				
— the PRC	–	–	87,810	87,810
Total recurring fair value measurements	4,877	–	151,314	156,191

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

4. REVENUE

Disaggregation of revenue

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

	Six months ended 31 December	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
— Sales of consumer goods	**147,395**	152,754
— Sales of agri-products	**92,664**	90,028
— Commission and brokerage income on securities dealings	**322**	520
	240,381	243,302
Revenue from other sources		
— Interest income from margin financing	**1,178**	1,172
	241,559	244,474

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

	For the six months ended 31 December 2023			
	Consumer goods *HK$'000*	**Agri-products** *HK$'000*	**Securities dealing services** *HK$'000*	**Total** *HK$'000*
Primary geographical markets				
Hong Kong	**–**	**25,785**	**322**	**26,107**
PRC except Hong Kong	**147,395**	**66,879**	**–**	**214,274**
Revenue from external customers	**147,395**	**92,664**	**322**	**240,381**
Timing of revenue recognition				
Products and services transferred at a point in time	**147,395**	**92,664**	**322**	**240,381**

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

5. SEGMENT INFORMATION

The chief operating decision maker has been identified as the Board. The Board reviews the Group's internal reporting for the purposes of resource allocation and assessment of segment performance which focused on the category of services/products provided to external customers. The Group has two reporting segments as follows:

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

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

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

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

The accounting policies of the reporting segments are the same as those described in the 2022/23 annual report. The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e., at current market prices.

The segment information of the Group was as follows:

	FMCG Trading Business (Unaudited) *HK$'000*	Agri-Products Business (Unaudited) *HK$'000*	All other segments (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
For the six months ended 31 December 2023				
Revenue from external customers	**147,395**	**92,664**	**1,500**	**241,559**
Segment loss	**(6,532)**	**(28,957)**	**(1,942)**	**(37,431)**
At 31 December 2023				
Segment assets	**362,459**	**475,287**	**27,676**	**865,422**

	FMCG Trading Business (Unaudited) *HK$'000*	Agri-Products Business (Unaudited) *HK$'000*	All other segments (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
For the six months ended 31 December 2022				
Revenue from external customers	152,754	90,028	1,692	244,474
Segment loss	(648)	(30,405)	(1,271)	(32,324)
At 30 June 2023				
Segment assets (Audited)	390,767	495,660	36,326	922,753

	Six months ended 31 December	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Reconciliation of reportable segment loss:		
Total loss of reportable segments	**(37,431)**	(32,324)
Unallocated amounts:		
Fair value gain/(loss) on financial assets at FVTPL, net	**661**	(13,779)
Other corporate expenses	**(6,060)**	(8,303)
Consolidated loss for the Period	**(42,830)**	(54,406)

6. FINANCE COSTS

	Six months ended 31 December	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on borrowings	**37**	100
Interest on lease liabilities	**140**	242
	177	342

7. INCOME TAX CREDIT

	Six months ended 31 December	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Deferred tax	**–**	145

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

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

According to the Macau Decree-Law No. 15/2018 in relation to repeal the regime of offshore service of Macau, the offshore permits of two subsidiaries operating in Macau terminated on 1 January 2021. Upon the termination of permits, the subsidiaries have been transformed as Macau local companies which is subject to Macau Profit Tax at the rate of 12% (2022: 12%) in compliance with relevant Macau tax regulations.

The provision for income tax of subsidiaries operating in the PRC have been calculated at the rate of 25% (2022: 25%), based on existing legislation, interpretation and practices in respect thereof.

8. LOSS FOR THE PERIOD

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

	Six months ended 31 December	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Amortisation and depreciation, net of amount capitalised	**16,586**	12,480
Cost of inventories sold	**217,010**	221,907
Directors' emoluments	**2,988**	3,664
Exchange (gain)/loss, net	**(1,102)**	548
Fair value (gain)/loss on financial assets at FVTPL, net	**(661)**	13,779
(Gain)/loss on disposal/deregistration of subsidiaries	**(10)**	97
Impairment loss on trade receivables	**5,308**	–
Interest income on financial assets at FVTPL	**(2,187)**	(2,187)
Interest income on financial assets at FVTOCI	**–**	(179)
Staff costs (excluding directors' emoluments)		
Staff salaries, bonus and allowances	**11,242**	10,361
Retirement benefits scheme contributions	**231**	288
	11,473	10,649

9. DIVIDEND

The Board does not declare the payment of an interim dividend for the six months ended 31 December 2023 (2022: Nil).

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the Period attributable to owners of the Company of approximately HK$42,830,000 (2022: HK$54,406,000) and the weighted average number of ordinary shares of the Company of 105,070,359 (2022: 105,070,359 as restated) in issue during the Period after adjusting the effect of share consolidation in December 2023. The basic loss per share for the six months ended 31 December 2022 had been restated accordingly.

Diluted loss per share

No diluted loss per share is presented as the Company did not have any potentially dilutive ordinary shares for both half year ended 31 December 2023 and 31 December 2022.

11. INVESTMENTS

	31 December 2023 (Unaudited) *HK$'000*	30 June 2023 (Audited) *HK$'000*
Non-current assets		
Financial assets at FVTPL		
— unlisted debt investments in Hong Kong	**–**	63,153
— unlisted equity securities outside Hong Kong	**–**	351
	–	63,504
Current assets		
Financial assets at FVTPL		
— unlisted debt investments in Hong Kong	**64,449**	–
— listed equity securities in Hong Kong	**4,593**	4,877
	69,042	4,877

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

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

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

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

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

	31 December 2023 (Unaudited) *HK$'000*	30 June 2023 (Audited) *HK$'000*
HK$	**69,042**	68,030
USD	**–**	351
	69,042	68,381

At 31 December 2023, the financial assets at FVTPL of approximately HK$4,479,000 (30 June 2023: HK$145,000) have been pledged to a bank to secure the banking facilities granted to the Group.

12. TRADE RECEIVABLES

	31 December 2023 (Unaudited) *HK$'000*	30 June 2023 (Audited) *HK$'000*
Trade receivables arising from		
Trading *(note (a))*	**219,608**	187,319
Dealing in securities and margin financing		
— Cash clients *(note (b))*	**5,984**	6,899
— Margin clients *(note (c))*	**35,140**	33,961
	260,732	228,179
Impairment loss on trade receivables	**(30,654)**	(25,881)
	230,078	202,298

Notes:

(a) For trade receivables arising from trading, the Group normally allows credit terms to established customers ranging from 30 to 210 days (30 June 2023: 30 to 210 days).

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

	31 December 2023 (Unaudited) *HK$'000*	30 June 2023 (Audited) *HK$'000*
1–30 days	**42,210**	49,961
31–60 days	**26,258**	34,573
61–90 days	**26,408**	27,436
Over 90 days	**117,077**	70,619
	211,953	182,589

As at 31 December 2023 and 30 June 2023, trade receivables arising from trading are unsecured and interest-free.

(b) At 31 December 2023, no cash client receivables arising from dealing in securities which are neither past due nor impaired (30 June 2023: HK$96,000) represent unsettled client trades on various securities exchanges transacted on the last two business days prior to the end of the reporting period. Such cash client receivable is considered as past due when the client fails to settle its securities trading balances on the settlement date. At 31 December 2023, cash client receivables of approximately HK$5,984,000 (30 June 2023: HK$6,803,000) were past due. These past due cash client receivables were substantially settled after the period end date, except for approximately HK$5,305,000 (30 June 2023: HK$5,839,000) for which no impairment loss was recognised during the Period (30 June 2023: HK$369,000). No aging analysis is disclosed as, in the opinion of the directors, an aging analysis does not give additional value in view of the nature of these cash client receivables arising from dealing in securities.

As at 31 December 2023, cash client receivables from dealing in securities past due are unsecured and bear interest of 9.25% per annum (30 June 2023: 9.25% per annum).

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

As at 31 December 2023, margin client receivables arising from margin financing are interest-bearing at rates ranging from 6% to 8% per annum (30 June 2023: ranging from 6% to 8% per annum).

As at 31 December 2023, the total market value of securities pledged as collateral in respect the margin loans to customers are approximately HK$21,164,000 (30 June 2023: HK$28,243,000).

13. TRADE PAYABLES

	31 December 2023 (Unaudited) *HK$'000*	30 June 2023 (Audited) *HK$'000*
Trade payables arising from		
Trading	**61,479**	57,097
Dealing in securities		
— Cash clients	**307**	6,919
— Clearing house	**–**	90
	61,786	64,106

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

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

	31 December 2023 (Unaudited) *HK$'000*	30 June 2023 (Audited) *HK$'000*
1–30 days	**16,827**	35,403
31–60 days	**14,561**	20,790
61–90 days	**17,317**	904
Over 90 days	**12,774**	–
	61,479	57,097

Trade payables to cash clients arising from dealing in securities also include those payables where the corresponding clients' monies are placed in trust and segregated accounts with authorised financial institutions of approximately HK$307,000 (30 June 2023: HK$7,199,000).

14. SHARE CAPITAL

	Number of ordinary shares (Unaudited)	Amount (Unaudited) *HK$'000*
Authorised:		
At 30 June 2023 and 1 July 2023, par value HK$0.10 each	10,000,000,000	1,000,000
Share consolidation *(Note)*	(9,500,000,000)	–
At 31 December 2023, par value HK$2.00 each	500,000,000	1,000,000
Issued and fully paid:		
At 30 June 2023 and 1 July 2023	2,101,407,182	210,141
Share consolidation *(Note)*	(1,996,336,823)	–
At 31 December 2023	105,070,359	210,141

Note:

Pursuant to an ordinary resolution passed by shareholders at the extraordinary general meeting held on 22 December 2023, the share consolidation of every twenty issued and unissued shares of HK$0.10 each into one consolidated share of HK$2.00 each became effective on 28 December 2023.

15. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 31 December 2023 (30 June 2023: Nil).

16. CAPITAL COMMITMENTS

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

	31 December 2023 (Unaudited) ***HK$'000***	30 June 2023 (Audited) *HK$'000*
Contracted but not provided for		
— Fixed assets	**6,571**	6,472
— Construction in progress	**7,503**	6,440
	14,074	12,912

INTERIM DIVIDEND

The Board does not declare the payment of an interim dividend for the six months ended 31 December 2023 (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

During the six months ended 31 December 2023 (the "**Period**"), the Group was principally engaged in (i) the trading of packaged foods, beverages and household consumable products (the "**FMCG Trading Business**"); (ii) the trading of agri-products ("**Agri-Products Trading Business**") and the upstream farming business ("**Upstream Farming Business**") (collectively the "**Agri-Products Business**"); and (iii) other business arising from the securities brokerage and margin financing business (the "**Other Business**"). The first two businesses come together to form two vertically integrated supply chains allowing the Group to effectively deliver perishable and non-perishable consumer products in China.

During the Period, the Group's turnover was approximately HK$241.6 million, representing a decrease of approximately 1.2%, compared to approximately HK$244.5 million in the same period last year. The slight decrease in the revenue was mainly attributable to the decrease in the trading business revenue of the imported products, including our imported FMCG and agricultural products, but substantially offset by the increase in the revenues of the domestic fresh produce trading business and the Upstream Farming Business. China's economy in 2023 has rebounded following the lifting of the novel coronavirus disease 2019 (COVID-19) (the "**pandemic**") restrictions, but it was an unbalanced and slow recovery. While some sectors such as retail sales and domestic travel experienced stable recovery since the pandemic, several areas, such as the foreign trade and import industries, remained weak. In addition to the price advantage of the domestic brands, the gap in product quality and product variety between the imported products and the domestic brands has been shrinking over past few years. These factors taken together, the Group's traditional businesses for the imported products encountered keen competition and hence its revenues continued to drop during the Period under review. Simultaneously, the Group has been continuously developing its trading business for domestic products and the Upstream Farming Business to counteract the challenging environment for the imported products. As a result, the revenues of the trading business for domestic fresh produce and the Upstream Farming Business recorded a considerable growth compared to the same period last year.

Gross profit margin increased from approximately 6.8% to approximately 8.1% compared with the same period last year. The increase in gross profit margin was mainly attributable to the better product mix and the higher operational efficiency arising from the new food processing centre in Dongguan. The processing centre in Dongguan has effectively smoothed the operations by increasing the operation capacity and lower the transportation costs, which noticeably improved the Agri-Products Trading Business's gross profit margin. Additionally, the Group continued to source more suitable and niche products for the PRC market to refine its product portfolio, which also improved the gross profit margin of the FMCG Trading Business. Although the competition against domestic brands has been very keen, especially considering their overwhelming advertisements and prevailing aggressive pricing strategies under the current economic environment, the Group adopted stable pricing strategies and did not participate in price war in order to maintain stable and healthy gross profit margin during the Period.

Changes in fair value due to biological transformation decreased from approximately HK$15.1 million to approximately HK$12.1 million compared with the same period last year. The decrease was mainly attributable to the increased production yield.

Other gains and income decreased from approximately HK$6.2 million to approximately HK$5.4 million during the Period. Other gains and income for the Period was mainly attributable to the fair value gain of approximately HK$1.3 million and interest income of approximately HK$2.2 million derived from the investment in financial instruments issued by China Healthwise Holdings Limited ("**China Healthwise**"), interest income from bank deposits of approximately HK$1.4 million, an exchange gain of approximately HK$1.1 million and partly offset by a fair value loss on the investments in Global Mastermind Holdings Limited and First Bullion Holdings Inc. of approximately HK$0.3 million and approximately HK$0.3 million respectively.

Selling and distribution expenses increased by approximately 28.8% from approximately HK$15.4 million to approximately HK$19.9 million. These expenses represented approximately 8.2% of turnover compared to 6.3% of the same period last year. The increase in the selling and distribution expenses was mainly attributable to the increase in advertising and promotion activities, costs in distribution hubs and distribution rights during the Period. Save for the abovementioned outlays, the selling and distribution expenses were fairly stable compared to that of the same period last year. Selling and distribution expenses included, among others, the development of sales and marketing channels, outlays on brand building and promotion, freight and transportation, commission as well as distribution expenses all together spent in support of the Group's sales activities.

Administrative expenses decreased by approximately 7.2% from approximately HK$32.2 million to approximately HK$29.9 million during the Period. The decrease was mainly attributable to the Group's various cost saving initiatives, the continuous trimming down of some unprofitable operations and savings in professional fees during the Period.

Other operating expenses decreased from approximately HK$14.4 million to approximately HK$5.7 million during the Period. Other operating expenses for the Period represented impairment losses on trade receivables of trading business and securities brokerage and margin financing business of approximately HK$2.9 million and HK$2.4 million respectively, and a written off of money lender license of approximately HK$0.4 million.

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

The decrease in the Group's net loss can be summarised as mainly attributable to approximately 1.3% increase in gross profit margin, approximately HK$3.0 million decrease in changes in fair value due to biological transformation, approximately 7.2% decrease in administrative expenses and approximately HK$8.7 million decrease in other operating expenses, but partly offset by approximately 1.2% decrease in turnover, approximately HK$0.8 million decrease in other gains and income and approximately 28.8% increase in selling and distribution expenses.

BUSINESS REVIEW, DEVELOPMENT AND PROSPECT

During the Period, the global economy continued to face a number of uncertainties, including slow global economic growth coupled with high interest rate environment, as well as persistent geopolitical uncertainty and the negative spillovers from the wars in Ukraine and the Middle East. In China, the economy has been gradually recovering from the pandemic at a slow and unbalanced pace during the Period. While the retail sales grew by 7.2% in 2023, the annual foreign trade value dropped by 5%, of which the total imports to China even fell 5.5% compared to last year, reflecting the fact that the import industries in China did not benefit from the lifting of the pandemic restrictions due to the weak market demand and keen competition from domestic products. The Group's traditional trading business for imported products also encountered difficulties and challenges despite the reopening of China's economy during the Period. The competition from domestic products has been increasingly intense, especially considering their pricing strategies, shrinking gap compared to imported products' quality and variety and their overwhelming advertisements and promotions. In view of the above, the Group continued to develop its trading business for domestic fresh produce and the Upstream Farming Business to mitigate the negative impact from the decrease in the contribution from the imported products trading businesses. On the other hand, the Group has adopted more stable post-pandemic pricing strategies during the Period, despite that most of domestic brands used aggressive pricing strategies to obtain market share. Therefore, the overall gross profit margin has still improved amidst the challenging environment during the Period, primarily thanks to the stable pricing strategies, higher operational efficiency stemmed from the food processing centre in Dongguan and better product mix of the FMCG Trading Business.

The FMCG Trading Business sells finished consumer products into the domestic Chinese consumer market. These products are largely sourced overseas through the Group's wide-reaching global procurement network and are imported from different regions around the world including Europe, the Americas, Australasia and South East Asia. This business unit can be classified into three categories including packaged foods, beverages and household consumable products with their respective contribution of approximately 79%, 16%, and 5%. Packaged foods, including biscuits, candies, chocolate, condiments, margarine, milk powder products, healthy food, noodles, snacks, rice and nourishing and exclusively licensed branded products, remained as the most important category, followed by beverage products. During the Period, the contribution percentage of packaged foods further increased compared to that of the same period last year, primarily due to the drop of the contribution from household consumable products. The competition for household consumable products was particularly stiff, hence the Group shifted more resources to other categories during the Period.

FMCG Trading Business was the most important business unit and contributed approximately 61% of the Group's total revenues during the Period. Although China reopened its economy, the economic growth was a weak and unbalanced one. The fierce competition from domestic brands severely worsened the operating environment of this business unit and most of domestic brands continuously used low prices to grab a larger market share on top of their tremendous advertising activities. Against the backdrop of the above negative factors, the Group continuously refined its product mix and sourced new products to increase its competitiveness and maintain its profitability.

The Agri-Products Business contains trading fresh produce imported from countries like Australasia and South East Asia, supplemented by sourcing of fresh produce domestically as well as upstream cultivations in China. Similar to the FMCG Trading Business, the imported agri-products trading business encountered severe difficulties in the post-pandemic era. During the Period, the negative impact on this business segment was more serious than the FMCG Trading Business due to the purchase costs and supply chain instability arising from the short life cycle and perishable nature of imported agricultural products, leading to a more cautious stance by customers to place orders. On the other hand, the competition of the Chinese fresh produce market was very intense as the gap in product quality and product variety between domestic fresh produce and imported fresh produce have been shrinking over past few years, resulting in the continuous increase in the popularity of domestic products. Therefore, the Group has been continuously developing its trading business for domestic fresh produce as a supplementary business, and the development has been gaining traction. The revenue of the trading business for domestic agricultural products increased by 21.5% compared to the same period last year. The operation commencement for the food processing centre in Dongguan has also facilitated its development and lower the transportation costs thanks to the convenient location of the centre, which greatly enhanced the gross profit margin of the trading business for the domestic agricultural products.

The Group continued to carefully operate in the plantations of early crop oranges and ponkans in the Jiangxi's farming base. During the Period, the revenue of the upstream farming business increased by approximately 26.3%, primarily attributable to the increase in production yield due to improved cultivation skills and average selling prices. The Group has been investing a lot of resources into research and development to improve its agricultural skills over past few years, including establishing an agricultural research and test-lab centre and engaging different farming experts during the course of developing arable lands. Furthermore, an agricultural science industrial park (the "**Agricultural Industrial Park**") has been establishing to facilitate the development of the Upstream Farming Business. The Agricultural Industrial Park comprises various facilities such as the research and development centre, a fruit processing centre and some agri-tourism recreational facilities like restaurant, souvenir shops and accommodation, of which the fruit processing centre, now in operation, provides a wide range of functions including fruit washing, sorting and grading, packing and storage to effectively enhance product quality assurance and brand building.

The Other Business contains providing securities trading, margin financing and IPO subscription brokerage services through Sino Wealth Securities Limited ("**Sino Wealth**"). The revenue of the securities brokerage and margin financing business decreased by approximately 11.3% compared to the same period last year, which was primarily attributable to the decrease in brokerage commission. During the Period, the Hong Kong capital market was still extremely weak, and the downtrend continued in early 2024. In view of the weak capital market conditions and the uncertainties over the market outlook, the Group has been trimming down its operations in this business unit since last financial year to reduce various expenses and operation risks. The downsizing process will continue in near future until completely pulling out of this business unit.

Looking forward, the overall operating environment is fraught with uncertainties, some sectors such as real estate and foreign trade industries in China are still currently at its trough without signs of recovery. Furthermore, the presidential election in the United States held in late 2024 will also significantly increase political risks, alongside the ongoing geographical conflicts in Ukraine and the Middle East. Against this backdrop, the Group will focus on its core businesses, including the FMCG Trading Business by expanding procurement network, and the Upstream Farming Business by enhancing our cultivation skills and sourcing a reliable and diversified supply of high-quality fertilizers to pursue stabilized quality of our self-grown agricultural products. On the other hand, the Group will carefully develop the agri-tourism business based on the market demand and continue to enhance the processing centre in Dongguan and the Agricultural Industrial Park in Jiangxi. In any event, the Group will continue to implement cost-saving initiatives as well as ensure a strong and healthy financial position to weather any unforeseeable headwinds.

SIGNIFICANT INVESTMENTS HELD AND THEIR PERFORMANCE

At 31 December 2023, the Group held a convertible bond issued by China Healthwise.

China Healthwise is a listed company in the main board of the Stock Exchange and together with its subsidiaries are principally engaged in sale of Chinese health products, money lending business and investment in financial instruments. In October 2018, the Group subscribed a convertible bond issued by China Healthwise for HK$120.0 million and up to 31 December 2023, China Healthwise has redeemed in total HK$47.7 million of the bond. As at 31 December 2023, the outstanding principal amount was HK$72.3 million and the fair value of the Group's investment in the convertible bond issued by China Healthwise was approximately HK$64.4 million (30 June 2023: HK$63.2 million), representing approximately 6.3% (30 June 2023: 5.9%) of the Group's total assets, and recorded a fair value gain on investment of approximately HK$1.3 million and an interest income of approximately HK$2.2 million during the Period.

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

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

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

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

On 28 December 2023, the share consolidation of every twenty issued and unissued shares of HK$0.10 each into one consolidated share of HK$2.00 each became effective pursuant to an ordinary resolution passed by shareholders at the extraordinary general meeting of the Company.

As at the date of this announcement, the Capital Reorganisation (comprising the Capital Reduction and the Share Sub-Division), which have the same meanings as those defined in the circular of the Company dated 6 December 2023 (the "**circular**"), is still conditional upon the satisfaction of certain conditions as set out in the circular. The expected effective date of the Capital Reduction and the Share Sub-Division will be 6 March 2024, which may be extended or varied subject to the completion of court procedures.

At 31 December 2023, the Group had interest-bearing borrowings of approximately HK$5.8 million (30 June 2023: HK$10.5 million) of which all borrowings were denominated in Hong Kong dollars and all would mature within one year. All of the Group's bank borrowings at 31 December 2023 were floating-interest bearing and secured by corporate guarantees provided by the Company and certain subsidiaries of the Company, charge over investments of a subsidiary in carrying amount of approximately HK$4.5 million (30 June 2023: HK$0.1 million) and pledged bank deposits of certain subsidiaries in carrying amount of approximately HK$7.2 million (30 June 2023: HK$12.2 million).

A significant portion of sales, purchases, services income and bank and cash equivalents of the Group were either denominated in Renminbi, Hong Kong dollars or US dollars. The Group will closely monitor the foreign currency exposure and may consider arranging for hedging facilities when it is necessary. At 31 December 2023, the Group did not have any significant hedging instrument outstanding.

At 31 December 2023, the Group's current assets amounted to approximately HK$612.2 million (30 June 2023: HK$591.8 million) and the Group's current liabilities amounted to approximately HK$76.9 million (30 June 2023: HK$85.4 million). The Group's current ratio maintained at a level of approximately 8.0 at 31 December 2023 (30 June 2023: 6.9). At 31 December 2023, the Group had total assets of approximately HK$1,023.1 million (30 June 2023: HK$1,073.5 million) and total liabilities of approximately HK$94.9 million (30 June 2023: HK$103.4 million) with a gearing ratio of approximately 0.6% (30 June 2023: 1.0%). The gearing ratio was expressed as a ratio of total bank borrowings to total assets. The Group's gearing ratio remained at a fairly low level as at 31 December 2023 and 30 June 2023.

USE OF PROCEEDS FROM RIGHTS ISSUE

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

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

Approximate HK$ million		Planned use of proceeds as disclosed in the announcement of the Company dated 10 March 2021	Remaining proceeds as at 30 June 2023	**Utilised during the six months ended 31 December 2023**	**Utilised as at 31 December 2023**	**Remaining proceeds as at 31 December 2023**	**Expected timeline for the intended use**
(i)	Securities brokerage business for compliance with its financial resources and for future expansion purpose	80.0	–	**–**	**80.0**	**–**	–
(ii)	Upgrade of cold storage and logistics facilities in Shanghai	12.0	–	**–**	**12.0**	**–**	by 31 December 2021
(iii)	Renovation and equipping of fruit processing centre in Jiangxi	14.0	–	**–**	**14.0**	**–**	by 30 June 2022
(iv)	Installation of cold storage and logistics facilities in Jiangxi	17.0	–	**–**	**17.0**	**–**	by 31 October 2022
(v)	Set up of new processing agri-product centre in Dongguan	34.0	–	**–**	**34.0**	**–**	by 31 December 2022
(vi)	Research and development expenses in upstream farming	4.0	–	**–**	**4.0**	**–**	by 31 March 2022
(vii)	Set up of an agricultural research and test-lab centre in Jiangxi	6.0	1.5	**–**	**4.5**	**1.5**	by 30 June 2024
(viii)	Promotion and marketing activities	10.0	4.7	**1.2**	**6.5**	**3.5**	by 30 June 2024
(ix)	Set up of an agri-tourism park with various facilities in Jiangxi	27.0	9.1	**1.4**	**19.3**	**7.7**	by 30 June 2024
(x)	Working capital and general corporate purposes	3.3	–	**–**	**3.3**	**–**	by 30 June 2022
Total		207.3	15.3	**2.6**	**194.6**	**12.7**	

NUMBER AND REMUNERATION OF EMPLOYEES

At 31 December 2023, the Group had approximately 270 employees for its operations in China, Hong Kong and Macau. The Group's employees are remunerated in accordance with their work performance and experience. The Group also participates in a retirement benefit scheme for its staff in the PRC and a defined Mandatory Provident Fund Scheme for its staff in Hong Kong. For the six months ended 31 December 2023, no forfeited contributions by the Group on behalf of employees who leave the scheme prior to vesting fully in such contributions was used by the Group to reduce the existing level of contributions. The Group provides various trainings to employees including but not limited to induction training, on-the-job training provided by department heads and sponsorship program for position-related self-education and professional qualification.

SHARE OPTION SCHEME

The Group has adopted a share option scheme on 21 December 2018 of which the Board may, at its discretion, grant options to eligible participants of the share option scheme. During the six months ended 31 December 2023, no share options were granted or to be granted, exercised, vested, cancelled nor lapsed and the Company had no share options outstanding or unvested under the share option scheme at 31 December 2023 (30 June 2023: Nil). The number of options available for grant under the share option scheme mandate at 1 July 2023 (as restated), 31 December 2023 and the date of this announcement was 9,363,480 after adjusting the effect of share consolidation in December 2023, which represented approximately 8.9% of the issued shares of the Company at the date of this announcement.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2023, the interests and short positions of each Director and chief executive in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") of the Listing Rules, were as follows:

LONG POSITIONS

Director	*Note*	**Capacity/nature of interests**	**Number of ordinary shares in interest**	**Approximate percentage of the issued shares**
Mr. Lam Kwok Hing ("**Mr. Lam**")	*1*	Interest in controlled corporation and beneficial interest	14,623,695	13.92%
Ms. Lee Choi Lin Joecy ("**Ms. Lee**")	*1*	Family interest	14,623,695	13.92%
Mr. Chan Cheuk Yu Stephen ("**Mr. Chan**")	2	Interest in controlled corporation	15,053,003	14.33%

Notes:

1. 14,623,695 shares are comprised of (i) 13,753,945 shares which are held by Best Global Asia Limited ("**Best Global**"), a company incorporated in the BVl wholly and beneficially owned by Mr. Lam; and (ii) 869,750 shares which are held by Mr. Lam as beneficial owner. Ms. Lee is the spouse of Mr. Lam, by virtue of the SFO, Ms. Lee is deemed to be interested in said 14,623,695 shares.

2. 15,053,003 shares are held by Glazy Target Limited ("**Glazy Target**"), a company incorporated in the BVI wholly and beneficially owned by Mr. Chan.

Save as disclosed above, as at 31 December 2023, none of the Directors or chief executive of the Company and their respective associates had any interests or short positions in shares, underlying shares or debentures of the Company, its subsidiaries or any associated corporation (within the meaning of Part XV of the SFO).

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2023, the interests of every person, other than a Director or chief executive of the Company, in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and to the best knowledge of the Directors were as follows:

LONG POSITIONS

Substantial shareholder	*Note*	**Capacity/nature of interests**	**Number of ordinary shares in interest**	**Approximate percentage of the issued shares**
Best Global	*1*	Beneficial owner	13,753,945	13.09%
Glazy Target	*2*	Beneficial owner	15,053,003	14.33%
Smart Empire Group Limited	*3*	Beneficial owner	8,510,550	8.10%
Mr. Tang Ka Siu Johnny	*4*	Interest in controlled corporation and beneficial interest	11,435,550	10.88%

Notes:

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

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

3. 8,510,550 shares are held by Smart Empire Group Limited ("**Smart Empire**"), a company incorporated in Republic of Seychelles wholly and beneficially owned by Mr. Tang Ka Siu Johnny ("**Mr. Tang**").

4. 11,435,550 shares are comprised of (i) 8,510,550 shares which are held by Smart Empire; and (ii) 2,925,000 shares which are held by Mr. Tang as beneficial owner.

Save as disclosed above, as at 31 December 2023, no person, other than a Director and chief executive of the Company whose interests are set out in the section titled "Directors' Interests in Securities" above, had any interest or short position in the shares or underlying shares of the Company that was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

With effect from 15 December 2023, Mr. Hung Hing Man has resigned as the independent non-executive director of Town Health International Medical Group Limited (stock code: 3886), a company listed on the Main Board of the Stock Exchange.

With effect from 1 July 2023, the emolument of Mr. Chan Cheuk Yu Stephen ("**Mr. Chan**") has been revised from HK$130,000 to HK$40,000 per month and with effect from 13 July 2023, the emolument of Mr. Mok Tsan San ("**Mr. Mok**") has been revised from HK$1,200,000 per annum to HK$60,000 per annum ("**Revisions of Emoluments**"). The Revisions of Emoluments were decided by the Board (without involvements of Mr. Chan and Mr. Mok in deciding their own emoluments) having regard to the individual performance, duties and responsibilities with the Company and the prevailing market conditions, and were both covered by relevant service contracts.

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

Neither the Company, nor any of its subsidiaries, purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2023.

CORPORATE GOVERNANCE

The Company has applied the principles of the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and complied with all the applicable code provisions of the CG Code throughout the six months ended 31 December 2023, except with deviation from code provision C.2.1.

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Since March 2012, the Board has appointed Mr. Lam Kwok Hing ("**Mr. Lam**") as Chief Executive Officer in view of Mr. Lam's in-depth experience in the industry and the Group's overall operations. As a result of the appointment, the roles of Chairman and Chief Executive Officer are performed by Mr. Lam. Mr. Lam is the co-founder of the Group and has over 30 years' experience in the consumer products industry. In the context of the challenging business environment, the Board believes that a consistent leadership, effective and efficient planning and implementation of business decisions and strategies are of utmost importance. While all major decisions of the Group were made in consultation with and under due consideration and approval by the Board, the Board believes that by virtue of Mr. Lam's in-depth experience and understanding of the Group, vesting the roles of Chairman and Chief Executive Officer on Mr. Lam can generate benefits for the Group and shareholders as a whole and at the same time the balance of power and authority between the Board and the management of the Group is effectively maintained.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as the code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, they all confirmed that they had fully complied with the required standard set out in the Model Code throughout the six months ended 31 December 2023.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The interim results for the six months ended 31 December 2023 have been reviewed by the Audit Committee of the Company, but not audited by the Company's external auditors.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is available for viewing on the websites of the Stock Exchange and the Company. The 2023/24 Interim Report of the Company will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Heng Tai Consumables Group Limited
Lam Kwok Hing
Chairman

Hong Kong, 29 February 2024

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