

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **PAK FAH YEOW INTERNATIONAL LIMITED**

**白花油國際有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 239)

### **ANNOUNCEMENT OF ANNUAL RESULTS 2023**

#### **HIGHLIGHTS**

- Revenue and Underlying Recurring Profit increased year-on-year by 76.1% and 195.9% respectively, reflecting a significant increase in sales revenue in Healthcare business.
- Reported profit increased year-on-year by 250.7%, despite a higher non-cash fair value loss of investment properties recognised in 2023.
- We maintain a stable outlook for 2024, leveraging the sales trend observed in 2023.

The board of directors (the “Board”) of Pak Fah Yeow International Limited (the “Company”) is pleased to announce the consolidated audited results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2023, together with comparative figures for the previous year:



## **CHAIRMAN'S STATEMENT**

Dear fellow shareholders,

### **OVERVIEW**

In 2023, the global economic landscape showed signs of recovery amidst persistent uncertainty stemming from ongoing geopolitical tensions and armed conflicts. Despite these challenges, we navigated a complex external environment marked by high levels of inflation, interest rates, and energy prices, but we also observed positive indications in the overall economy of Hong Kong. The decline in the unemployment rate and the increase in visitor arrivals following the complete opening of borders in Hong Kong, Macau, and Mainland China were noteworthy developments. Additionally, there was a surge in demand for Hong Kong brand consumer goods, reflecting resilience and potential opportunities in our market.

Our total revenue for 2023 reached HK\$259.2 million, representing a year-on-year increase of 76.1% from HK\$147.2 million. Our Underlying Recurring Profit, the performance indicator of the Group, surged by 195.9% to HK\$119.1 million from HK\$40.2 million in 2022. The substantial increases were driven by improved performance of Healthcare business, particularly in China market. Despite the impact of non-cash fair value decrease of our investment properties, our Reported Profit for 2023 soared by 250.7% to HK\$105.0 million compared to HK\$30.0 million in 2022.

### **DIVIDENDS**

Despite the challenging operating environment, we remain committed to delivering value to our shareholders. We propose a final dividend of HK3.8 cents per share (2022: HK3.8 cents per share) along with a special final dividend of HK8.2 cents (2022: HK3.0 cents) per share for the year ended 31 December 2023, subject to approval by shareholders at the forthcoming annual general meeting. The final dividend and special final dividend together with the interim dividends of HK8.5 cents per share (2022: HK2.3 cents per share) already declared, will make total dividends of HK20.5 cents per share (2022: HK9.1 cents per share).

### **BUSINESS**

2023 presented significant challenges and notable achievements for our Group. We demonstrated resilience and achieved commendable financial results in 2023. Despite the challenges posed by the external environment, we witnessed significant growth in revenue across our business segments. The Healthcare segment, in particular, experienced robust sales performance, driven by strategic initiatives and increased demand in key markets. Our Property Investments and Treasury Investments segments also posted positive underlying recurring results, reflecting the effectiveness of our diversified business strategy.

China market emerged as a key driver of growth, with sales turnover experiencing rapid expansion following the reopening of borders and the resurgence of consumer demand. The reopening of borders between Hong Kong, Macau and Mainland China, coupled with increased mainland visitors to Hong Kong and Macau, significantly contributed to the surge in demand for our flagship products. Overall, the exceptional performance of our Healthcare segment underscores our commitment to delivering high-quality healthcare products to our customers.

Despite challenges in the global real estate market, our Property Investments segment demonstrated resilience and adaptability. Throughout the year, our Property Investments segment recorded a commendable performance, primarily driven by increased rental income in the United Kingdom where all retail units were fully let since October 2022. However, the valuation of our investment properties experienced fluctuations reflecting the prevailing economic uncertainties over the economic outlook, particularly impacting the retail and office sectors.

## **NON-FINANCIAL PERFORMANCE**

At the core of our operations lies a commitment to corporate social responsibility. We recognise the importance of sustainable business practices and their impact on society and the environment. Throughout the year, we prioritised initiatives promoting environmental stewardship, community engagement, and employee well-being. Our Environmental, Social and Governance Report 2023, detailing our environmental and social impacts alongside progress towards sustainability, will be available in the websites of The Stock Exchange of Hong Kong Limited and the Company concurrently with our annual report publication.

## **OUTLOOK**

Looking ahead, we acknowledge the persistence of uncertainties in the global economic landscape. Nevertheless, we are confident in our ability to navigate challenges and capitalise on emerging opportunities. We maintain a stable outlook for 2024, leveraging the sales trend observed in 2023. Our commitment to delivering value to shareholders, customers, employees, and stakeholders remains steadfast. We remain focused on operational excellence, innovation, and strategic investments to drive sustainable growth and long-term value creation.

Despite downward valuation of our property investments, we remain committed to prudent investment strategies. We continue to closely monitor market conditions and implement strategic initiatives to optimise the performance of our investment properties. By maintaining disciplined property management and capital allocation, we aim to deliver sustainable returns for our shareholders in the years ahead. While the Hong Kong office market is expected to continue facing downward pressure, the Central London retail market is poised to continue its recovery trajectory with the outlook remaining positive into 2024.

## CLOSING REMARKS

Our success in navigating these challenging times would not have been possible without the dedication and hard work of our employees. I extend my heartfelt gratitude to our team for their unwavering commitment and resilience. I also express sincere appreciation to our shareholders, customers and business partners for their continued support and confidence in our Company. Together, we will continue to strive for excellence and steer our Company towards a prosperous future.

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS OVERVIEW

In 2023, the Group's revenue surged to HK\$259,158,000, marking a substantial 76.1% increase from HK\$147,200,000 in 2022. This notable growth was primarily driven by a surge in sales contributions from Healthcare segment. Revenue breakdown for each business segment is as follows:

	<b>2023</b>	2022	<b>Change</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	%
Healthcare	<b>245,165</b>	139,452	+75.8
Property Investments	<b>9,612</b>	7,132	+34.8
Treasury Investments	<b>4,381</b>	616	+611.2
	<b><u>259,158</u></b>	<u>147,200</u>	+76.1

The substantial growth in revenue was accompanied by a remarkable increase in Underlying Recurring Profit, which excludes the unrealised fair value changes of financial assets and of investment properties. In 2023, the Underlying Recurring Profit surged to HK\$119,078,000, a staggering 195.9% increase from HK\$40,243,000 in 2022. This surge was primarily fueled by a momentous increase in sales revenue from the Healthcare segment following the lifting of restriction measures and the complete opening of the borders in Hong Kong, Macau and Mainland China. Earnings per share of Underlying Recurring Profit stood at HK38.2 cents, marking a 196.1% increase from HK12.9 cents in 2022.

Reported Profit for 2023 also saw a significant increase, rising by 250.7% to HK\$105,039,000 comparing to HK\$29,955,000 in 2022. This increase was primarily attributed to the notable performance of the Healthcare segment, partially offset by an increase in unrealised fair value losses on the Group's investment properties. Earnings per share of Reported Profit stood at HK33.7 cents, reflecting a 251.0% increase from HK9.6 cents in 2022.

The reconciliation between Underlying Recurring Profit and Reported Profit is as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>	<b>Change</b> %
<b>Underlying Recurring Profit</b>	<b>119,078</b>	40,243	+195.9
Unrealised fair value changes of:			
Financial assets	<b>1,345</b>	(2,465)	
Investment properties:			
United Kingdom	<b>(8,503)</b>	(2,436)	
Hong Kong and Singapore	<b>(6,881)</b>	(5,387)	
<b>Reported Profit</b>	<b><u>105,039</u></b>	<b><u>29,955</u></b>	+250.7

The revaluation of other properties, accounted for as other comprehensive income, resulted in a net revaluation loss of HK\$4,418,000 in 2023 compared to a gain of HK\$5,375,000 in 2022.

Total comprehensive income attributable to owners of the Company for 2023 amounted to approximately HK\$105,638,000 compared to HK\$24,123,000 in 2022.

## OPERATIONS REVIEW

### Healthcare

Revenue from Healthcare segment soared by 75.8% to HK\$245,165,000 in 2023, a substantial increase from HK\$139,452,000 in 2022. Geographically, segment revenue is detailed below:

	<b>2023</b>	2022	<b>Change</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	%
China	<b>202,725</b>	101,387	+100.0
Southeast Asia	<b>34,068</b>	26,326	+29.4
North America	<b>7,294</b>	10,358	-29.6
Others	<b>1,078</b>	1,381	-21.9
<b>Segment revenue</b>	<b><u>245,165</u></b>	<u>139,452</u>	+75.8
<b>Segment result – profit</b>	<b><u>150,635</u></b>	<u>57,369</u>	+162.6

### Segment profit:

The segment profit surged to HK\$150,635,000 in 2023, marking a remarkable 162.6% increase from HK\$57,369,000 in 2022.

### Market Analysis:

#### *China*

Sales turnover in the China market saw rapid growth in 2023, recording a staggering 100% increase compared to 2022. This growth was propelled by the full reopening of the Hong Kong-Macau-China border, attracting mainland customers to Hong Kong and Macau for Hoe Hin products. The surge in demand led to a significant rise in local market demand and a rapid increase in sales. Further efforts were also concentrated on online advertising, with continued branding campaigns launched in China to strengthen the brand presence in this region.

#### *Southeast Asia*

Sales revenue in Southeast Asian markets experienced a robust 29.4% year-on-year growth, with particularly strong performance in the Philippines. Strategic marketing initiatives, including outdoor advertising on public transportation and billboards, coupled with influencer-driven social media campaigns and sponsored events, expanded market reach and enhanced retail channel visibility nationwide. Markets like Singapore, Thailand, and Malaysia also displayed strong revenue growth, signaling a return to pre-pandemic sales levels driven by improved consumer sentiment.

## *North America*

Production prioritisation for high-demand markets such as Hong Kong led to reduced output for other markets, consequently leading to lower sales revenue in North America. However, the acquisition of new machinery in the 4th quarter of 2023 is anticipated to bolster production capacity, with an expected increase in output in 2024.

In summary, the Healthcare segment experienced significant growth in revenue and profitability in 2023, driven by robust sales performance in key markets, strategic marketing initiatives, and investments in production capacity to foster future growth.

## **Property Investments**

Revenue for this segment increased by 34.8% to HK\$9,612,000 (2022: HK\$7,132,000). This change primarily reflected increased rental income in the United Kingdom, where all retail units had been fully leased since October 2022. Revenue breakdown by location is as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>	<b>Change</b> %
Hong Kong – office and residential	<b>3,973</b>	3,856	+3.0
Singapore – industrial	<b>316</b>	219	+44.3
United Kingdom – retail/residential	<b>5,323</b>	3,057	+74.1
<b>Segment revenue</b>	<b>9,612</b>	7,132	+34.8
<b>Segment result – loss</b>	<b>(7,130)</b>	(3,804)	+87.4

For the year 2023, approximately 41.3%, 3.3% and 55.4% (2022: 54.1%, 3.0% and 42.9%) of segment revenue derived from investment properties in Hong Kong, Singapore and the United Kingdom respectively, with all properties maintaining a 100.0% occupancy rate (2022: 100.0%, 100.0% and 74.4% respectively).

Underlying Recurring Segment Result, which excludes unrealised fair value changes of investment properties, recorded a profit of HK\$8,254,000 in 2023, marking a notable increase of 105.4% from HK\$4,019,000 in 2022. Property expenses ratio as a percentage of segment revenue decreased to 14.1% in 2023 (2022: 43.6%). These improvements are attributed to higher occupancy rate and rental income in 2023, with one-off property expenses in 2022 such as building renovation and maintenance works and related costs, impacting this improvement.

Segment result for 2023 reflected a loss of HK\$7,130,000 (2022: HK\$3,804,000), primarily due to an increase in unrealised fair value loss of investment properties compared to 2022.

Below is the reconciliation between Underlying Recurring Segment Result and the segment result:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>	<b>Change</b> %
<b>Underlying Recurring Segment Result</b>	<b>8,254</b>	4,019	+105.4
Unrealised fair value changes of investment properties:			
United Kingdom	<b>(8,503)</b>	(2,436)	
Hong Kong and Singapore	<b>(6,881)</b>	(5,387)	
	<u><b>(7,130)</b></u>	<u>(3,804)</u>	
<b>Segment result – loss</b>	<u><b>(7,130)</b></u>	<u>(3,804)</u>	+87.4

### Treasury Investments

In addition to depositing funds in reputable banks, the Group diversified its investments into equity and debt securities, mutual funds, and dual currency investments to optimise returns.

Segment revenue, primarily generated from interest income, surged by 611.2% to HK\$4,381,000 (2022: HK\$616,000). Underlying Recurring Segment Result also saw a substantial increase of 96.1% to HK\$4,198,000 (2022: HK\$2,141,000). This significant change was attributed to the higher yield fixed deposits secured during the year, resulting in increased interest income.

The segment achieved a profit of HK\$5,543,000, a turnaround from the loss of HK\$324,000 recorded in 2022. This improvement was primarily attributed to unrealised fair value gain on listed investments, contrasting with the losses incurred in 2022.

Below is the reconciliation between Underlying Recurring Segment Result and the segment result:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>	<b>Change</b> %
<b>Underlying Recurring Segment Result</b>	<b>4,198</b>	2,141	+96.1
Unrealised fair value changes of financial assets	<b>1,345</b>	(2,465)	
	<u><b>5,543</b></u>	<u>(324)</u>	
<b>Segment result – profit (loss)</b>	<u><b>5,543</b></u>	<u>(324)</u>	n/m

Note: n/m = not meaningful

## **FINANCIAL REVIEW**

The preceding sections, including the results overview and operations review, provide insights into the financial performance of the Group's three business segments. This section discusses other significant financial items.

### **Staff Costs**

Staff costs are categorised into production (related to payroll costs associated with production) and administration (other payroll costs, including those for management and head office staff). These costs increased by 27.1% from HK\$34,637,000 to HK\$44,035,000. This increase primarily reflected the impact of annual salary increments, staff special bonus, and a higher provision for management bonuses for executive directors and senior management, aligning with the improved financial results compared to 2022.

### **Other Operating Expenses**

Other operating expenses decreased by 12.2% to HK\$24,424,000 (2022: HK\$27,832,000), mainly attributable to decreased advertising and promotion expenses. The ratio of other operating expenses to total revenue decreased to 9.4% in 2023 (2022: 18.9%). This reduction signified lower proportional expenses compared to the significant increase in sales turnover from Healthcare business during the year. One-off property expenses in 2022, as mentioned in Property Investments section above, also contributed to this improvement.

### **Finance Costs**

Finance costs declined by 4.5% to HK\$615,000 (2022: HK\$644,000), primarily due to a lower bank loan balance throughout the year compared to 2022, despite an increase in the interest rate for the underlying loan during the year. The interest coverage ratio, calculated as profit from operations before interest, taxes and unrealised fair value changes of financial assets and investment properties divided by finance costs, improved to 233.3 times in 2023 (2022: 75.6 times).

### **Taxation**

The increase in taxation from HK\$7,815,000 to HK\$23,767,000 was principally due to an overall increase in taxable operating profits of subsidiaries.

## Investment Properties

The Group's investment properties were valued at 31 December 2023 by independent professional valuers on a fair value basis. The valuation as at year-end 2023 was HK\$255,264,000, a drop of 3.7% from HK\$264,937,000 as at year-end 2022. The fall in value was primarily due to a combination of the weaker retail and office investment market conditions in the United Kingdom and Hong Kong. The valuation of properties in each geographical segment as at the year-end date is as follows:

	2023		2022		Change in HK\$ %
	<i>Original currency '000</i>	<i>HK\$'000</i>	<i>Original currency '000</i>	<i>HK\$'000</i>	
Hong Kong – office and residential	<b>HK\$135,650</b>	<b>135,650</b>	HK\$143,300	143,300	-5.3
Singapore – industrial	<b>S\$2,100</b>	<b>12,430</b>	S\$2,000	11,661	+6.6
United Kingdom – retail/residential	<b>GBP10,775</b>	<b>107,184</b>	GBP11,650	109,976	-2.5
		<b>255,264</b>		264,937	-3.7

An unrealised fair value loss on investment properties of HK\$15,384,000 (2022: HK\$7,823,000) and an exchange gain realignment of HK\$5,711,000 (2022: loss of HK\$12,864,000) were recognised for 2023.

## FINANCIAL RESOURCES AND TREASURY POLICIES

The Group continued to adhere to prudent treasury policies. Gearing ratio (interest-bearing borrowings divided by total shareholders' funds) as at 31 December 2023 was 0.6% (2022: 0.8%). Total bank borrowings of the Group amounted to HK\$4,737,000 (2022: HK\$5,496,000), mainly denominated in Pound Sterling with floating interest rates.

Current ratio (current assets divided by current liabilities) was 7.2 times as at 31 December 2023 (2022: 10.8 times). The Group holds sufficient cash, marketable securities on hand and available banking facilities to meet its short-term liabilities, commitments and working capital demand.

## EXCHANGE RATE EXPOSURES

Most of the Group's business transactions were conducted in Hong Kong Dollars and United States Dollars. Certain rental income is derived in Pound Sterling. As at 31 December 2023, the Group's debt borrowings were mainly denominated in Pound Sterling. The Group also had equity and debt securities denominated in foreign currencies.

The Group considers there is no significant exposure to foreign exchange fluctuations for United States Dollars as long as the Hong Kong-United States dollar exchange rate remains pegged. Other than United States Dollars whose exchange rate with Hong Kong Dollars remained relatively stable during the year, the Group's foreign exchange exposure relating to investments in overseas securities and bank balances as at 31 December 2023 were approximately HK\$58.7 million (2022: HK\$45.7 million) in total, or about 6.5% (2022: 5.6%) of the Group's total assets. The Group was also exposed to foreign exchange rate changes (net of the underlying debt borrowings) of approximately HK\$102.4 million (2022: HK\$104.5 million) relating to carrying amount of the properties investments in the United Kingdom.

### **PLEDGE OF ASSETS**

As at 31 December 2023, the Group's investment properties in the United Kingdom with an aggregate carrying value of approximately HK\$107.2 million (2022: HK\$110.0 million) were pledged to secure banking facilities granted to the Group to the extent of approximately HK\$59.5 million (2022: HK\$60.3 million), of which approximately HK\$4.7 million (2022: HK\$5.5 million) were utilised as at 31 December 2023.

### **CONTINGENT LIABILITIES**

As at 31 December 2023, no legal proceedings were initiated by any third parties against the Group as defendant, nor were there any outstanding claims which may result in significant financial losses to the Group.

### **PLAN FOR SIGNIFICANT INVESTMENT OR ACQUISITION OF CAPITAL ASSETS IN THE FUTURE**

The Group has no plan for significant investment or acquisition of material capital assets.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2023, the Group had a total of 102 (2022: 95) employees. Remuneration packages of employees and directors are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments, the Group also provides other employment benefits including medical allowance and educational subsidies to eligible employees.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>259,158</b>	147,200
Other revenue	3	<b>154</b>	133
Other net income	4	<b>284</b>	2,327
Changes in inventories of finished goods		<b>(2,276)</b>	(1,322)
Raw materials and consumables used		<b>(38,023)</b>	(29,701)
Staff costs		<b>(44,035)</b>	(34,637)
Depreciation expenses		<b>(7,388)</b>	(7,484)
Net exchange gain		<b>10</b>	18
Other operating expenses	5	<b>(24,424)</b>	(27,832)
<b>Profit from operations before fair value changes of financial assets through profit or loss and of investment properties</b>		<b>143,460</b>	48,702
Net gain (loss) on financial assets at fair value through profit or loss		<b>1,345</b>	(2,465)
Revaluation deficit in respect of investment properties		<b>(15,384)</b>	(7,823)
<b>Profit from operations</b>		<b>129,421</b>	38,414
Finance costs	5	<b>(615)</b>	(644)
<b>Profit before taxation</b>	5	<b>128,806</b>	37,770
Taxation	6	<b>(23,767)</b>	(7,815)
<b>Profit for the year, attributable to owners of the Company</b>		<b>105,039</b>	29,955

	<b>2023</b>	2022
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Other comprehensive income (loss)</b>		
<i>Item that will not be reclassified to profit or loss:</i>		
Revaluation (deficit) surplus of leasehold land and buildings, net of tax effect of HK\$872,000 (2022: HK\$1,063,000)	<u>(4,418)</u>	<u>5,375</u>
<i>Items that are reclassified or may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising from translation of financial statements of overseas subsidiaries	<b>5,149</b>	(11,276)
Exchange difference arising from translation of inter-company balances with overseas subsidiaries representing net investments	<u>(132)</u>	<u>69</u>
	<u><b>5,017</b></u>	<u>(11,207)</u>
<b>Other comprehensive income (loss) for the year, net of tax, attributable to owners of the Company</b>	<u><b>599</b></u>	<u>(5,832)</u>
<b>Total comprehensive income for the year, attributable to owners of the Company</b>	<u><b>105,638</b></u>	<u>24,123</u>
	<i>HK</i>	<i>HK</i>
<b>Earnings per share</b>		
Basic and diluted	8	
	<u><b>33.7 cents</b></u>	<u>9.6 cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties		255,264	264,937
Property, plant and equipment		326,596	336,223
Intangible assets		2,450	2,450
Financial assets at fair value through profit or loss		4,898	4,960
Deferred tax assets		983	883
		<b>590,191</b>	609,453
<b>Current assets</b>			
Inventories		12,197	15,826
Trade and other receivables	9	27,470	17,517
Financial assets at fair value through profit or loss		12,094	10,899
Bank balances and cash		265,513	169,441
		<b>317,274</b>	213,683
<b>Current liabilities</b>			
Bank borrowings, secured		4,737	5,496
Current portion of deferred income		287	268
Trade and other payables	10	21,970	12,231
Tax payable		16,323	927
Dividends payable		868	817
		<b>44,185</b>	19,739
<b>Net current assets</b>		<b>273,089</b>	193,944
<b>Total assets less current liabilities</b>		<b>863,280</b>	803,397
<b>Non-current liabilities</b>			
Long-term portion of consideration payable for acquisition of trademarks		2,073	2,073
Long-term portion of deferred income		39,050	36,773
Provision for directors' retirement benefits		5,959	5,350
Deferred tax liabilities		51,015	51,976
		<b>98,097</b>	96,172
<b>NET ASSETS</b>		<b>765,183</b>	707,225
<b>Capital and reserves</b>			
Share capital		15,582	15,582
Share premium and reserves		749,601	691,643
<b>TOTAL EQUITY</b>		<b>765,183</b>	707,225

Notes:

## 1. ACCOUNTING POLICIES

### **Basis of preparation**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and in compliance with the disclosure requirements of the Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

### **Adoption of new/revised HKFRSs**

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

### ***Amendments to HKAS 1: Disclosure of Accounting Policies***

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements. Management has reviewed the disclosure of accounting policy information and considered it is consistent with the amendments.

### ***Amendments to HKAS 8: Definition of Accounting Estimates***

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

***Amendments to HKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

***Amendments to HKAS 12: International Tax Reform – Pillar Two Model Rules***

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s Pillar Two model rules. The amendments also introduce targeted disclosure requirements to help investors understand an entity’s exposure to income taxes arising from the rules.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

**Basis of measurement**

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for investment properties, leasehold land and buildings and financial assets at fair value through profit or loss (“FVPL”), which are measured at fair value.

**2. OPERATING SEGMENT INFORMATION**

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker – the executive directors for making strategic decisions and resources allocation. The Group’s operating segments are structured and managed separately according to the nature of their businesses. The Group is currently organised into three operating businesses as follows:

- a) Healthcare – manufacture and sale of Hoe Hin brand of products
- b) Property investments
- c) Treasury investments

Each of the Group’s operating segments represents a strategic business unit subject to risks and returns that are different from those of the other operating segments.

For the purposes of assessing the performance of the operating segments between segments, the executive directors assess segment profit or loss before income tax without allocation of finance costs, directors’ emoluments, office staff salaries, legal and professional fees and central administrative costs and the basis of preparing such information is consistent with that of the consolidated financial statements. All assets are allocated to reportable segments other than deferred tax assets, tax recoverable and other corporate assets. All liabilities are allocated to reportable segments other than deferred tax liabilities, provision for directors’ retirement benefits, tax payable, dividends payable and other corporate liabilities.

**Business segments**

	Year ended 31 December 2023			
	Healthcare	Property	Treasury	Consolidated
	HK\$'000	investments	investments	HK\$'000
		HK\$'000	HK\$'000	
Revenue from external customers	<u>245,165</u>	<u>9,612</u>	<u>4,381</u>	<u>259,158</u>
Segment results	<u>150,635</u>	<u>(7,130)</u>	<u>5,543</u>	<u>149,048</u>
Unallocated corporate expenses				<u>(19,627)</u>
<b>Profit from operations</b>				<b>129,421</b>
Finance costs				<u>(615)</u>
<b>Profit before taxation</b>				<b>128,806</b>
Taxation				<u>(23,767)</u>
<b>Profit for the year</b>				<b><u>105,039</u></b>
<b>Assets</b>				
Segment assets	575,704	257,022	72,729	905,455
Unallocated corporate assets				<u>2,010</u>
Consolidated total assets				<b><u>907,465</u></b>
<b>Liabilities</b>				
Segment liabilities	19,969	45,135	–	65,104
Unallocated corporate liabilities				<u>77,178</u>
Consolidated total liabilities				<b><u>142,282</u></b>
<b>Other information</b>				
Additions to non-current assets	(2,535)	(526)	–	(3,061)
Depreciation expenses	(7,362)	(26)	–	(7,388)
Revaluation deficit in respect of investment properties	–	(15,384)	–	(15,384)
Revaluation deficit of leasehold land and buildings (in other comprehensive income)	(4,418)	–	–	(4,418)
Net gain on financial assets at fair value through profit or loss	<u>–</u>	<u>–</u>	<u>1,345</u>	<u>1,345</u>

Year ended 31 December 2022

	Healthcare <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Treasury investments <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Revenue from external customers</b>	139,452	7,132	616	147,200
<b>Segment results</b>	57,369	(3,804)	(324)	53,241
Unallocated corporate expenses				(14,827)
<b>Profit from operations</b>				38,414
Finance costs				(644)
<b>Profit before taxation</b>				37,770
Taxation				(7,815)
<b>Profit for the year</b>				29,955
<b>Assets</b>				
Segment assets	489,699	266,337	65,722	821,758
Unallocated corporate assets				1,378
Consolidated total assets				823,136
<b>Liabilities</b>				
Segment liabilities	11,199	44,117	–	55,316
Unallocated corporate liabilities				60,595
Consolidated total liabilities				115,911
<b>Other information</b>				
Additions to non-current assets	(156)	–	–	(156)
Depreciation expenses	(7,448)	(36)	–	(7,484)
Revaluation deficit in respect of investment properties	–	(7,823)	–	(7,823)
Revaluation surplus of leasehold land and buildings (in other comprehensive income)	5,375	–	–	5,375
Net loss on financial assets at fair value through profit or loss	–	–	(2,465)	(2,465)

## Geographical information

The Group's businesses cover Hong Kong, Macau, other regions in the People's Republic of China (the "PRC" or "Mainland China"), Southeast Asia, North America and the United Kingdom.

The following tables provide an analysis of the Group's revenue and results from operations by geographical location of customers and geographical location of the related assets for healthcare products, property investment and treasury investment operations:

	Revenue from external customers		Results from operations	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
China ( <i>Note</i> )	210,207	105,673	125,934	35,135
Southeast Asia	35,067	26,670	19,694	11,796
North America	7,294	10,358	3,587	4,150
United Kingdom	5,513	3,117	(3,435)	(1,517)
Other regions	1,077	1,382	1,465	1,670
Unallocated corporate expenses	–	–	(17,824)	(12,820)
	<b>259,158</b>	147,200	<b>129,421</b>	38,414

*Note:* China includes Hong Kong, Macau and the PRC.

	Non-current assets ( <i>Note</i> )	
	2023 HK\$'000	2022 HK\$'000
China	462,247	479,523
Southeast Asia	14,879	14,111
United Kingdom	107,184	109,976
	<b>584,310</b>	603,610

*Note:* Non-current assets exclude financial instruments and deferred tax assets.

### Information about major customers

Revenues from external customers contributing 10% or more of the total revenue from the Group's business segment of healthcare products are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	*	27,037
Customer B	40,311	23,725
Customer C	37,789	*
Customer D	24,754	18,078
Customer E	30,979	16,875
	<u>133,833</u>	<u>85,715</u>

\* These customers individually contributed less than 10% of the total revenue from the Group's healthcare products segment during the year ended 31 December 2023 or 2022.

### 3. REVENUE AND OTHER REVENUE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue from contracts with customers within HKFRS 15</b>		
Sale of Hoe Hin brand of products		
– Fixed price	110,816	97,058
– Variable price	134,349	42,394
	<u>245,165</u>	<u>139,452</u>
<b>Revenue from other sources</b>		
Lease income under operating leases with		
– Fixed lease payments	9,548	6,505
– Variable lease payments	64	627
	<u>9,612</u>	<u>7,132</u>
Interest revenue calculated using the effective interest method from bank deposits	4,381	616
	<u>13,993</u>	<u>7,748</u>
<b>Revenue</b>	<u>259,158</u>	<u>147,200</u>
<b>Listed investments</b>		
Dividend income from financial assets at FVPL	148	109
Gain on disposal of financial assets at FVPL	6	24
	<u>154</u>	<u>133</u>
<b>Other revenue</b>	<u>154</u>	<u>133</u>
<b>Total revenue</b>	<u>259,312</u>	<u>147,333</u>

The amount of revenue from contracts with customers within HKFRS 15 recognised for the year ended 31 December 2023 that was included in the contract liabilities at the beginning of the year is HK\$21,000 (2022: HK\$4,000).

#### 4. OTHER NET INCOME

	2023 HK\$'000	2022 HK\$'000
Commission income	35	31
Sundry income	249	416
Government subsidies ( <i>Note</i> )	–	1,880
	<u>284</u>	<u>2,327</u>

*Note:* The government subsidies represented a grant received from the Anti-epidemic Fund of the Government of the Hong Kong Special Administration Region under the Employment Support Scheme which aims to retain employment under the COVID-19 environment during the year ended 31 December 2022.

#### 5. PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	2023 HK\$'000	2022 HK\$'000
<b>(a) Other operating expenses</b>		
Advertising, promotion and event expenses ( <i>Note</i> )	10,813	13,160
Auditor's remuneration	497	485
Certificate and licensing fees	353	331
Legal and professional fees	1,687	1,833
Office and administrative expenses	3,967	3,327
Production overheads	2,339	2,055
Repairs and maintenance	420	2,241
Travelling and transportation	1,873	1,467
Others	2,475	2,933
	<u>24,424</u>	<u>27,832</u>

*Note:* Included lease charges on short-term leases of advertising spaces of HK\$2,127,000 (2022: HK\$313,000).

	2023 HK\$'000	2022 HK\$'000
<b>(b) Finance costs</b>		
Interest on bank borrowings	335	364
Interest on consideration payable for acquisition of trademarks	280	280
	<u>615</u>	<u>644</u>
<b>(c) Other items</b>		
Cost of inventories	60,206	48,437
Contributions to defined contribution plan (included in staff costs) ( <i>Note</i> )	824	795
Loss on disposal of property, plant and equipment	10	2
Gross rental income from investment properties less direct operating expenses of HK\$216,000 (2022: HK\$246,000)	(9,396)	(6,886)
	<u>(9,396)</u>	<u>(6,886)</u>

*Note:* The Group had no forfeited contribution available to reduce its contribution payable in future years as at 31 December 2023 and 2022.

## 6. TAXATION

Under the two-tiered profits tax rates regime introduced in 2018, the first HK\$2 million of profits of qualifying group entity in Hong Kong are taxed at 8.25% and profits above HK\$2 million are taxed at 16.5%. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

Overseas taxation has been provided on the estimated assessable profits for the year, in respect of the Group's overseas operations, at the rates of taxation prevailing in the relevant jurisdictions.

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
<b>Current tax</b>		
Hong Kong Profits Tax	23,220	8,297
Overseas tax	<u>735</u>	<u>(325)</u>
	23,955	7,972
<b>Deferred taxation</b>		
Origination and reversal of temporary differences	<u>(188)</u>	<u>(157)</u>
	<u><u>23,767</u></u>	<u><u>7,815</u></u>
<b>Reconciliation of effective tax rate</b>		
	2023	2022
	%	%
Applicable tax rate in Hong Kong	16.5	16.5
Non-deductible expenses and losses	3.1	2.9
Non-taxable revenue and gains	(0.9)	(1.9)
Effect of two-tiered profits tax rate	(0.1)	(0.4)
Others	<u>(0.1)</u>	<u>3.6</u>
Effective tax rate for the year	<u><u>18.5</u></u>	<u><u>20.7</u></u>

## 7. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Attributable to the current year:		
Interim dividend of HK3.0 cents per share (2022: <i>HK2.3 cents per share</i> )	9,349	7,168
Special interim dividend of HK5.5 cents per share (2022: <i>Nil per share</i> )	17,140	–
Final dividend of HK3.8 cents per share (2022: <i>HK3.8 cents per share</i> ) (Note)	11,842	11,842
Special final dividend of HK8.2 cents per share (2022: <i>HK3.0 cents per share</i> ) (Note)	25,555	9,349
	<u>63,886</u>	<u>28,359</u>
Attributable to previous years, approved and paid during the year:		
Final dividend of HK3.8 cents per share (2022: <i>HK3.8 cents per share</i> )	11,842	11,842
Special dividend of HK3.0 cents per share (2022: <i>HK1.8 cents per share</i> )	9,349	5,610
	<u>21,191</u>	<u>17,452</u>

*Note:* The final dividend and special final dividend for the year ended 31 December 2023 proposed after the end of the reporting period are subject to shareholders' approval at the forthcoming annual general meeting. These dividends have not been recognised as liabilities at the end of the reporting period.

## 8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit attributable to owners of the Company	<u>105,039</u>	<u>29,955</u>
	2023	2022
Weighted average number of ordinary shares for basic earnings per share ( <i>'000</i> )	<u>311,640</u>	<u>311,640</u>
	<i>HK</i>	<i>HK</i>
Earnings per share		
Basic and diluted	<u>33.7 cents</u>	<u>9.6 cents</u>

Diluted earnings per share equal to basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2023 and 2022.

## 9. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Trade receivables</b>	9(a)	<b>17,435</b>	5,930
<b>Bills receivables</b>		<b>5,566</b>	7,541
<b>Other receivables</b>			
Deposits, prepayments and other debtors		<u><b>4,469</b></u>	<u>4,046</u>
		<u><b>27,470</b></u>	<u>17,517</u>

### (a) Trade receivables

The Group allows credit period ranging from 30 days to 120 days (2022: 30 days to 120 days) to its customers. The ageing analysis of trade receivables by invoice date is as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	<b>8,700</b>	3,058
31 – 60 days	<b>3,946</b>	716
61 – 90 days	–	960
91 – 120 days	<u><b>4,789</b></u>	<u>1,196</u>
	<u><b>17,435</b></u>	<u>5,930</u>

All trade receivables are expected to be recovered within 12 months and no provision had been made for non-repayment of balances at the end of the reporting period.

## 10. TRADE AND OTHER PAYABLES

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Trade payables</b>	<i>10(a)</i>	<u>1,472</u>	<u>918</u>
<b>Other payables</b>			
Accrued charges and other creditors		7,530	4,475
Accrued advertising and promotion expenses		6,848	6,648
Accrued rebates and discounts	<i>10(b)</i>	1,080	169
Contract liabilities	<i>10(c)</i>	<u>5,040</u>	<u>21</u>
		<u>20,498</u>	<u>11,313</u>
		<u>21,970</u>	<u>12,231</u>

### (a) Trade payables

All trade payables are expected to be settled within one year. The ageing analysis of trade payables by invoice date is as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	1,455	901
31 – 60 days	–	–
61 – 90 days	–	–
More than 90 days	<u>17</u>	<u>17</u>
	<u>1,472</u>	<u>918</u>

### (b) Accrued rebates and discounts

During the year ended 31 December 2023, the sales to distributors increased, thereby increasing the estimated rebates and discounts to be payable.

At 31 December 2023 and 2022, there were no contract liabilities arising from rebates and discounts that were expected to be settled after more than 12 months.

(c) **Contract liabilities**

Contract liabilities represents consideration received from customers before the related goods are delivered.

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At beginning of the reporting period	21	4
Recognised as revenue	(21)	(4)
Receipt of advances or recognition of receivables	<u>5,040</u>	<u>21</u>
<b>At end of the reporting period</b>	<b><u>5,040</u></b>	<b><u>21</u></b>

During the year ended 31 December 2023, the Group received more overseas sales orders which are pending shipment at the end of the year, thereby increasing the advances received from customers.

Unsatisfied or partially unsatisfied performance obligations

All the performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2023 and 2022 were part of contracts that had an original expected duration of one year or less. Given that the Group applies the practical expedient in paragraph 121(a) of HKFRS 15, the transaction price allocated to these performance obligations is not disclosed.

**11. PLEDGE OF ASSETS**

The Group's investment properties in the United Kingdom were pledged to secure banking facilities, including bank borrowings, granted to the Group to the extent of HK\$59,483,000 (2022: HK\$60,252,000), of which HK\$4,737,000 (2022: HK\$5,496,000) were utilised at the end of the reporting period.

The carrying amounts of the Group's pledged assets are as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Investment properties	<b><u>107,184</u></b>	<b><u>109,976</u></b>

Except for the above, there is no significant restrictions on its ability to access or use the assets and settle the liabilities of the Group.

## **OTHER SUPPLEMENTARY INFORMATION**

### **Audit Committee Review**

The Audit Committee reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial results for the year ended 31 December 2023.

### **Scope of work of Mazars CPA Limited**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Mazars CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2023. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Mazars CPA Limited on the preliminary announcement.

### **Final Dividend and Special Final Dividend**

The Board has proposed a final dividend of HK3.8 cents per share (2022: HK3.8 cents per share) and a special final dividend of HK8.2 cents per share (2022: HK3.0 cents per share) for the year ended 31 December 2023 payable to shareholders on the register of members of the Company on 12 July 2024.

Subject to approval of the proposed final dividend and special final dividend by the shareholders at the forthcoming annual general meeting of the Company to be held on 13 June 2024, the final dividend and special final dividend will be paid to the shareholders of the Company on 12 August 2024.

### **Closing of register of members**

The register of members of the Company will be closed from Friday, 7 June 2024 to Thursday, 13 June 2024, both days inclusive, during which no transfer of shares will be effected. In order to qualify for attendance of annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Share Registrar, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong but no later than 4:30 p.m. on Thursday, 6 June 2024.

The register of members of the Company will also be closed from Wednesday, 10 July 2024 to Friday, 12 July 2024, both days inclusive, during which no transfer of shares will be effected. To rank for the proposed final dividend and special final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Share Registrar, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong but no later than 4:30 p.m. on Tuesday, 9 July 2024.

### **Purchase, sale or redemption of the Company's listed shares**

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

### **Corporate Governance Code**

The Company adopted all the code provisions in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practices.

The Company has complied with code provisions that were in force under the CG Code during the year ended 31 December 2023 except for the following deviation:

Code provision C.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Gan Wee Sean, the Chairman of the Board, was appointed as the acting Chief Executive Officer on 21 April 2008 until he becomes the Chief Executive Officer since 1 September 2011. Although these two roles are performed by the same individual, certain responsibilities have been shared with other executive directors to balance the power and authority. In addition, all major decisions have been made in consultation with members of the Board as well as senior management. The Board has one non-executive director and also three independent non-executive directors who offer different independent perspectives. Therefore, the Board is of the view that there are adequate balance of power and safeguards in place. The Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

### **Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors have confirmed compliance with the required standard set out in the Model Code during the year ended 31 December 2023.

## **Board of Directors**

As at the date of this announcement, (i) the executive directors of the Company are Mr. Gan Wee Sean (Chairman and Chief Executive Officer), Mr. Gan Fock Wai, Stephen and Mr. Gan Cheng Hooi, Gavin; (ii) the non-executive director of the Company is Ms. Gan Fook Yin, Anita; and (iii) the independent non-executive directors of the Company are Mr. Leung Man Chiu, Lawrence, Mr. Dell'Orto Renato and Mr. Chan Chi Chung, Simon.

By Order of the Board  
**Pak Fah Yeow International Limited**  
**Gan Wee Sean**  
*Chairman*

Hong Kong, 26 March 2024

\* *For identification purpose only*