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LAM SOON (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 411)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS	Year ended 30 June		
	2024 HK\$'M	2023 HK\$'M	(Decrease)/ increase
Revenue	4,838	5,119	(5%)
Gross profit	1,013	876	16%
Profit for the year	201	85	135%
	HK\$	HK\$	
Basic earnings per share	0.85	0.36	136%
Dividend per share:			
Interim	0.13	0.10	30%
Proposed final	0.27	0.20	35%
Total	0.40	0.30	33%
	As at 30 June 2024 HK\$'M	As at 30 June 2023 HK\$'M	
Total equity	2,904	2,786	4%

The Board of Directors (the “Board”) of Lam Soon (Hong Kong) Limited (the “Company”) is pleased to announce its consolidated results of the Company and its subsidiaries (collectively the “Group”) for the financial year ended 30 June 2024.

FINANCIAL RESULTS

The Group reported a 5% year-on-year decline in revenue to HK\$4,838 million for the financial year ended 30 June 2024, primarily attributed to the impact of a lower average Renminbi exchange rate. Gross profit margin notably increased by 3.8 percentage points to 20.9%, mainly due to favourable wheat and oil cost and sales mix improvement. As a result, the Group’s profit for the year increased by 135% to HK\$201 million.

DIVIDENDS

The Directors are recommending a final dividend for the financial year ended 30 June 2024 of HK\$0.27 per share totaling approximately HK\$65,706,000 at the forthcoming Annual General Meeting. In addition to the interim dividend of HK\$0.13 per share paid earlier this year (2023: interim dividend of HK\$0.10 and final dividend of HK\$0.20 per share, total dividend for the whole year amounts to approximately HK\$73,006,000), total dividend for the year amounts to HK\$0.40 per share totaling approximately HK\$97,342,000. Subject to shareholders' approval, the final dividend will be payable on Tuesday, 3 December 2024 to the shareholders whose names appear on the register of members on Monday, 18 November 2024.

REVIEW OF OPERATIONS

OVERVIEW

FY23/24 has been a year of challenges and opportunities. During the year under review, the moderation in commodity prices from their peak levels, including raw materials like wheat and oil, has allowed the Group to lift some of the pressures on its cost structure. Nonetheless, with operations primarily in Mainland China and Hong Kong, we are also under the influence of their uneven economic recovery. Weak consumer confidence and shifts in post-covid consumer behavior have led to a trend of trading down and decline in market demand, while depreciation pressures on the Renminbi posed additional challenges. Throughout the year, the Group has focused on growing its premium market, expanding with stronger product portfolio, and improving channel management to offset these challenges. We enhanced our resilience as we pushed along our initiatives to fortify our internal infrastructures and NPD. Proactive actions, including rigorous cost management and procurement measures, were continually taken to safeguard profits in the face of this exceedingly complex market environment.

BUSINESS REVIEW

Food Segment

In FY23/24, revenue of the Food segment has dropped by 7% to HK\$4,030 million. Stripping off the Renminbi depreciation impact, the revenue decreased by 4%. Operating profit of the segment surged 263% to HK\$190 million as compared to the previous financial year.

The Flour and Specialty Fats division of the Group has confronted intense market competition and lowered demand, as consumers continue to prioritize pricing consideration. Navigating these hurdles, whilst we have adopted a strategic pricing approach for our lower price segments in Flour to strike a balance between volume and growth, we retained a bigger focus on advancing our premiumization strategy and sharpened our segment targeting by enhancing our product portfolio to capture customer needs. With strategic sales execution, impactful marketing initiatives, and value-added services, we have achieved notable sales growth in the top premium Japanese-style Flour segment. This has guarded our profit margins and expanded our market share within the premium sector. Combining these with production and operational optimizations as well as favorable raw material costs, we have made significant strides in improving our profit margins this year.

BUSINESS REVIEW *(continued)*

Food Segment *(continued)*

Aligned with the strategy in the Flour business, the Group's Specialty Fats business also leveraged on the premium segment, distinguishing itself in the competitive market environment. This strategic focus has yielded sales momentum and margin growth for this segment in FY23/24, accompanied by an expansion of our premium customer base. Moving forward, we will further integrate and optimize the synergies between the two businesses to drive growth. Besides, supply chain optimization programs and disciplined procurement practices will remain key to the division.

The Group's Edible Oil business also navigated through market challenges and opportunities and achieved a notably improved results performance. Despite facing shrinking oil demands in core Guangdong and Hong Kong markets and keen competition, we have diligently implemented various strategies to overcome these hurdles. Marketing campaigns were judiciously deployed during peak festive seasons, catalysing sales as we operate with a keen eye on cost efficiency. In addition, we introduced a mid-priced corn oil product to deepen our segment penetration. In view of the fast-evolving consumption trends, reinforcing our platform strategy is a must. The revitalization of our e-commerce channel has yielded favourable results this year and provided solid support to our sales drive. We will continue this focus while strengthening our brand equity and product offerings to optimize sales, with a vision to expand beyond current markets to ensure sustainable future growth.

Home Care Segment

Home Care Division revenue grew by 2% to HK\$810 million while operating profit increased by 14% to HK\$83 million. We were able to achieve both volume and revenue growth despite softer demand in core markets and unfavourable foreign currency translation impact on our Mainland China sales. Ongoing supply chain optimization programs, combined with raw material cost savings, helped improve our profitability.

In Mainland China, our simultaneous and relentless efforts to deepen penetration in core markets, expand our product range, and geographic expansion helped us generate incremental growth in a challenging and highly competitive market environment. We continued to make inroads in our expansion beyond our core Guangdong and Fujian provinces. Some of our new products, such as the more premium AXE Hyaluronic Acid product, have also performed well in the e-Commerce channels. Ongoing progress of these initiatives will provide us with more insights on our target consumer base and more confidence as we step up our NPD, marketing, and distribution programs in the new financial year.

In the more mature Hong Kong market, we remained focused on expanding our brand presence and leadership with new products in core and adjacent categories. Our new dishwashing and laundry capsule products under the AXE Supra range have been well received by consumers. We built on this momentum by launching exclusive laundry capsule products with selected retailers, allowing us to further tap into consumer needs whilst strengthening strategic ties with key partners. As we continue to cross-sell and drive NPD penetration within our established distribution channels, we will also invest in corresponding marketing programs to boost brand awareness and drive repeat purchases.

OUTLOOK

Conflicts in Ukraine and the Middle East and potential trade-related restrictions from geopolitical tensions will continue to impact the global economy. A sustained and stable economic recovery in Mainland China and Hong Kong is expected to take some time. Despite these challenges, the Group remains committed to its premium strategy and positioning, and will continue to develop products and solutions in line with this direction as we expand our geographical reach and deepen our presence in core markets.

Our long-term success is predicated on our ability to fulfil the needs of our customers effectively and efficiently. Sustained investment in IT and R&D capabilities will boost our organisational efficiency and enable us to develop new breakthrough products to solidify our brand equity, improve margins and reduce our exposure to commodity fluctuations. Equally important is the need to have an effective salesforce to execute our go-to-market strategies across retail and institutional channels. In this regard, we will not only step up our recruitment efforts, but also invest in training programs and systems to elevate the skillset and productivity of existing salespeople. These fundamentals will not only help enhance the Group's near-term performance and resilience, but also strengthen the foundations for future growth.

FINANCIAL REVIEW

Liquidity and Financial Resources

At 30 June 2024, the Group had a cash balance of HK\$1,706 million (2023: HK\$1,457 million). About 69% of these funds were denominated in Renminbi, 27% in Hong Kong dollars and 4% in other currencies.

Banking facilities available to Group companies and not yet drawn as at 30 June 2024 amounted to HK\$585 million (2023: HK\$553 million).

The Group centralises all the financing and treasury activities at corporate level. There are internal controls over the application of financial and hedging instruments which can only be employed to manage and mitigate the commodity price risk and currency risk for trade purposes.

At 30 June 2024, the inventory turnover days were 67 days (2023: 62 days). The trade receivable turnover days were 24 days (2023: 21 days).

In view of the strong liquidity and financial position, management believes the Group will have sufficient resources to fund its daily operations and capital expenditure commitments.

FINANCIAL REVIEW *(continued)*

Foreign Currency Exposure

The Group has operations in Mainland China, Hong Kong and Macau. Local costs and revenue are primarily denominated in Renminbi, Hong Kong dollars, and Macau Patacas.

The Group is exposed to currency risk primarily through sales and purchases, which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The Group monitors its exposure by considering factors including, but not limited to, exchange rate movement of the relevant foreign exchange currencies as well as the Group's cash flow requirements to ensure that its foreign exchange exposure is kept at an acceptable level.

Equity Price Exposure

The Group maintains an investment portfolio which comprises equity securities listed in Hong Kong for investment yield enhancement purpose. Equity investments are subject to asset allocation limits.

Capital expenditure

During the year ended 30 June 2024, the Group invested a total sum of HK\$40 million (2023: HK\$49 million) on acquisition of plant equipment and other fixed assets.

HUMAN RESOURCES

As at 30 June 2024, there were 1,631 employees in the Group. Annual increment and year-end performance bonus mechanism were incorporated in the Group's remuneration policy to retain, reward and motivate individuals for their contributions to the Group. In addition, the Company also operates a share option scheme for granting of options to eligible employees.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2024

		<u>2024</u>	<u>2023</u>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	4,837,585	5,118,938
Cost of sales		<u>(3,824,687)</u>	<u>(4,242,965)</u>
Gross profit		1,012,898	875,973
Other income		58,127	45,186
Selling and distribution expenses		(625,049)	(641,384)
Administrative expenses		(201,165)	(188,996)
Profit from operations		244,811	90,779
Finance costs	5	(254)	(208)
Profit before taxation	5	244,557	90,571
Taxation	6	(43,958)	(5,222)
Profit for the year		<u>200,599</u>	<u>85,349</u>
Earnings per share			
Basic and diluted	8	<u>HK\$0.85</u>	<u>HK\$0.36</u>

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 7.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 30 June 2024

	<u>2024</u> <i>HK\$'000</i>	<u>2023</u> <i>HK\$'000</i>
Profit for the year	200,599	85,349
Other comprehensive income for the year (net of nil tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss:		
Equity investments at FVOCI – net movement in fair value reserve (non-recycling)	3,377	3,820
Remeasurement of long service payment liabilities	116	-
	<u>3,493</u>	<u>3,820</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	(7,090)	(162,078)
Other comprehensive income for the year	(3,597)	(158,258)
Total comprehensive income for the year	197,002	(72,909)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>Note</i>	2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Leasehold land and property, plant and equipment		737,745	771,353
Intangible assets and goodwill		8,530	4,625
Other financial assets	9	52,364	90,468
Deferred tax assets		11,897	14,586
Other non-current assets		1,702	2,485
		812,238	883,517
Current assets			
Inventories		637,948	667,918
Trade and other receivables	10	367,935	347,364
Other financial assets	9	22,032	69,340
Cash and deposits		1,706,444	1,456,839
		2,734,359	2,541,461
Current liabilities			
Trade and other payables	11	581,018	589,238
Contract liabilities		17,173	20,824
Tax payables		17,389	8,850
Lease liabilities		2,615	3,112
		618,195	622,024
Net current assets		2,116,164	1,919,437
Total assets less current liabilities		2,928,402	2,802,954
Non-current liabilities			
Deferred tax liabilities		20,903	15,572
Lease liabilities		1,333	1,069
Long service payment liabilities		1,943	-
		24,179	16,641
NET ASSETS		2,904,223	2,786,313
CAPITAL AND RESERVES			
Share capital		672,777	672,777
Reserves		2,231,446	2,113,536
TOTAL EQUITY		2,904,223	2,786,313

Notes:

1. Basis of preparation

The unaudited financial information relating to the year ended 30 June 2024 and the financial information relating to the year ended 30 June 2023 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 30 June 2023, is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The financial statements for the year ended 30 June 2024 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course.

The Company has delivered the consolidated financial statements for the year ended 30 June 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those consolidated financial statements for the year ended 30 June 2023. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The Group's consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These 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 (the "Listing Rules").

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

2. Changes in accounting policies

(i) Amended HKFRSs

The Group has applied the following amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

2. Changes in accounting policies (continued)

(i) Amended HKFRSs (continued)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKAS 12, Income taxes: International tax reform – Pillar Two model rules

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (“OECD”) (income tax arising from such tax laws is hereafter referred to as “Pillar Two income taxes”), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax including the estimated tax exposure to Pillar Two income taxes. The amendments are immediately effective upon issuance and require retrospective application.

(ii) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Hong Kong SAR Government (the “Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will come into effect from 1 May 2025 (the “Transition Date”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“MPF”) scheme to reduce the long service payment (“LSP”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

2. Changes in accounting policies (continued)

- (ii) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism (continued)

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. The cessation of applying the practical expedient in paragraph 93(b) of HKAS 19 in conjunction with the enactment of the Amendment Ordinance resulted in a catch-up profit or loss adjustment in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the financial year ended 30 June 2023, with the corresponding adjustment to the comparative carrying amount of the LSP liability. However, since the amount of the catch-up profit or loss adjustment was immaterial with reference to the assessment by the external specialist engaged by the Group, the Group did not restate the comparative figures for consolidated financial statements.

3. Segment reporting

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, the Group has two reportable segments, as described below. Businesses in each reporting segment have similar operating and currency risks, class of customer for products, distribution channels and safety regulation. The following summary describes the operations in each segment:

Food: manufacture and distribution of a wide range of food products including flour, edible oils and specialty fats.

Home Care: manufacture and distribution of household and institutional cleaning products.

(a) Segments results, assets and liabilities

The Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

The measure used for reporting segment profit is "profit from operations". To arrive at "profit from operations", the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as head office or corporate administration costs.

Segment assets include all tangible assets, intangible assets and current assets with the exception of deferred tax assets and other corporate assets. Segment liabilities include tax payables, all trade and other payables and contract liabilities attributable to the manufacturing and sales activities of the individual segments, lease liabilities and long service payment liabilities with the exception of deferred tax liabilities and other corporate liabilities.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management is set out below:

	2024			2023		
	Food HK\$'000	Home Care HK\$'000	Segment Total HK\$'000	Food HK\$'000	Home Care HK\$'000	Segment Total HK\$'000
Disaggregated by timing of revenue recognition on point in time						
Revenue from external customers	4,029,653	807,932	4,837,585	4,326,192	792,746	5,118,938
Inter-segment revenue	-	1,907	1,907	-	-	-
Reportable segment revenue	<u>4,029,653</u>	<u>809,839</u>	<u>4,839,492</u>	<u>4,326,192</u>	<u>792,746</u>	<u>5,118,938</u>
Reportable segment profit from operations	<u>189,650</u>	<u>83,280</u>	<u>272,930</u>	<u>52,296</u>	<u>73,055</u>	<u>125,351</u>
Reportable segment assets	<u>2,525,838</u>	<u>381,447</u>	<u>2,907,285</u>	<u>2,460,053</u>	<u>333,727</u>	<u>2,793,780</u>
Reportable segment liabilities	<u>502,800</u>	<u>138,976</u>	<u>641,776</u>	<u>498,415</u>	<u>133,857</u>	<u>632,272</u>

3. Segment reporting (continued)

(b) Reconciliation of reportable segment profit or loss

	<u>2024</u> <i>HK\$'000</i>	<u>2023</u> <i>HK\$'000</i>
Profit		
Reportable segment profit from operations	272,930	125,351
Unallocated exchange gains/(losses)	15	(1,941)
Unallocated net realised and unrealised gains on derivative financial instruments	823	-
Unallocated interest income on financial assets measured at amortised cost	22,018	14,081
Dividend income from equity securities	5,087	4,710
Unallocated head office and corporate expenses	(56,062)	(51,422)
Finance costs	(254)	(208)
	<u>244,557</u>	<u>90,571</u>
Consolidated profit before taxation	<u>244,557</u>	<u>90,571</u>

(c) Geographical information

The following table sets out information about the geographical location of the reportable segment's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

	<u>2024</u>			<u>2023</u>		
	Hong Kong and Macau <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Total <i>HK\$'000</i>	Hong Kong and Macau <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	<u>722,568</u>	<u>4,115,017</u>	<u>4,837,585</u>	<u>778,731</u>	<u>4,340,207</u>	<u>5,118,938</u>

4. Revenue

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

	<u>2024</u> <i>HK\$'000</i>	<u>2023</u> <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
- Sales of goods	<u>4,837,585</u>	<u>5,118,938</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographical markets is disclosed in notes 3(a) and 3(c) respectively.

5. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	<u>2024</u> <i>HK\$'000</i>	<u>2023</u> <i>HK\$'000</i>
Finance costs		
Interest on lease liabilities	<u>254</u>	<u>208</u>
Staff costs		
Salaries, wages and other benefits	431,196	418,543
Share-based payment (forfeiture)/expenses, net	(147)	2,196
Expenses recognised in respect of long service payments	2,062	-
Contribution to defined contribution retirement plans	<u>36,523</u>	<u>35,245</u>
	<u>469,634</u>	<u>455,984</u>
Depreciation and amortisation		
Leasehold land and property, plant and equipment	71,072	75,664
Intangible assets	<u>1,329</u>	<u>971</u>
	<u>72,401</u>	<u>76,635</u>

5. Profit before taxation (continued)

Profit before taxation is arrived at after charging/(crediting): *(continued)*

	<u>2024</u> <i>HK\$'000</i>	<u>2023</u> <i>HK\$'000</i>
Other items		
Interest income on financial assets measured at amortised cost	(44,659)	(32,628)
Dividend income from equity securities <i>(note (i))</i>	(5,087)	(4,710)
Net exchange gains	(2,152)	(331)
Net losses/(gains) on disposal of property, plant and equipment	2	(539)
Loss allowance recognised for trade receivables	10	9
Fair value loss/(gain) on club membership	600	(150)
Net realised and unrealised gains on derivative financial instruments <i>(note (ii))</i>	(891)	-
Government grants	(2,980)	(2,950)

Notes:

- (i) The Group recognised dividend income of HK\$5,087,000 (2023: HK\$4,710,000) from the equity securities designated at FVOCI, of which HK\$1,511,000 (2023: HK\$1,045,000) related to investment disposed during the year and HK\$3,576,000 (2023: HK\$3,665,000) related to investments held at 30 June 2024.
- (ii) During the year ended 30 June 2024, the Group entered into various foreign exchange forward contracts to manage its foreign currency risk exposures. There have been no foreign exchange forward contracts entered into by the Group during the year ended 30 June 2023.

6. Taxation

Taxation in the consolidated statement of profit or loss represents:

	<u>2024</u> <i>HK\$'000</i>	<u>2023</u> <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	10,311	3,757
Over-provision in respect of prior years	(509)	(497)
	9,802	3,260
Current tax - Outside Hong Kong		
Provision for the year	26,308	13,305
Over-provision in respect of prior years	(154)	(159)
	26,154	13,146
Deferred tax		
Origination and reversal of temporary differences	8,002	(11,184)
	43,958	5,222

The provision for Hong Kong Profits Tax for the year ended 30 June 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25%, and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2023.

Taxation outside Hong Kong represents income tax charge on the estimated taxable profits of certain subsidiaries operating in Mainland China and Macau, calculated at the rates prevailing in the respective regions.

All entities engaged in the primary processing of agricultural products in Mainland China are exempted from PRC corporate income tax (“CIT”). As a result, the profits from flour mill operations are exempted from CIT for the years ended 30 June 2024 and 2023.

Other subsidiaries operating in Mainland China are subject to CIT tax rate of 25% (2023: 25%).

In addition, the Group is subject to withholding tax at the applicable rate of 5% on distribution of profits generated after 31 December 2007 from the foreign investment enterprises established in Mainland China. Deferred tax liabilities have been provided for in this regard based on the expected distributable dividends by its subsidiaries established in Mainland China in respect of profits generated after 31 December 2007.

7. Dividends

- (a) Dividends payable to equity shareholders of the Company (excluding the amount paid to shares held by the Group under the ESOP reserve) attributable to the year:

	<u>2024</u> <i>HK\$'000</i>	<u>2023</u> <i>HK\$'000</i>
Interim dividend declared and paid of HK\$0.13 (2023: HK\$0.10) per ordinary share	30,525	23,495
Final dividend proposed after the end of the reporting period of HK\$0.27 (2023: HK\$0.20) per ordinary share	<u>63,388</u>	<u>46,989</u>
	<u>93,913</u>	<u>70,484</u>

The final dividend proposed after the end of reporting period has not been recognised as a liability at the end of reporting period.

- (b) Dividends payable to equity shareholders of the Company (excluding the amount paid to shares held by the Group under ESOP reserve) attributable to the previous financial year, approved and paid during the year:

	<u>2024</u> <i>HK\$'000</i>	<u>2023</u> <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.20 (2023: HK\$0.33) per ordinary share	<u>46,976</u>	<u>77,539</u>

8. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year of HK\$200,599,000 (2023: HK\$85,349,000) and the weighted average number of 234,854,000 (2023: 234,981,000) ordinary shares in issue during the year, calculated as follows:

	<u>2024</u> <u>'000</u>	<u>2023</u> <u>'000</u>
Issued ordinary shares at the beginning of year	<u>243,354</u>	<u>243,354</u>
Effect of shares repurchased in prior years	(13,584)	(13,476)
Effect of shares repurchased in current year	<u>(91)</u>	<u>(72)</u>
	<u>(13,675)</u>	<u>(13,548)</u>
Effect of share options exercised in prior years	<u>5,175</u>	<u>5,175</u>
Weighted average number of ordinary shares at the end of year	<u>234,854</u>	<u>234,981</u>

(b) Diluted earnings per share

The diluted earnings per share equalled the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 30 June 2024 and 2023.

9. Other financial assets

	<i>Note</i>	<u>2024</u> <i>HK\$'000</i>	<u>2023</u> <i>HK\$'000</i>
Debt securities measured at amortised cost	<i>(i)</i>	22,032	91,446
Equity securities designated at FVOCI (non-recycling):			
- Equity securities listed in Hong Kong	<i>(ii)</i>	52,092	67,490
Financial assets measured at fair value through profit or loss:			
- Club membership		<u>272</u>	<u>872</u>
		74,396	159,808
Representing:			
- Non-current assets		52,364	90,468
- Current assets		22,032	69,340
		74,396	159,808

Notes:

- (i) At 30 June 2024, the debt securities are unsecured, bearing fixed interest rates at 2.8% (2023: 2.0% to 3.3%) per annum and will mature in one year (2023: mature in one to two years).
- (ii) The equity securities designated at FVOCI (non-recycling) include the listed equity securities of companies engaged in banking and finance industry of HK\$52,092,000 (2023: HK\$67,490,000). The Group designated these investments as equity securities at FVOCI (non-recycling), as the investments are held for investment yield enhancement purpose.

During the year ended 30 June 2024, the Group disposed part of the equity securities for capital preservation purpose. The fair value on the date of disposal was HK\$18,775,000 (2023: HK\$30,363,000), resulting in a transfer of accumulated gain on the equity securities designated at FVOCI (non-recycling) of HK\$1,681,000 (2023: HK\$6,173,000) within equity.

10. Trade and other receivables

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	<u>2024</u> <i>HK\$'000</i>	<u>2023</u> <i>HK\$'000</i>
Within 3 months	309,892	299,742
3 to 6 months	2,406	3,004
Over 6 months	19	-
Trade receivables, net of loss allowance	312,317	302,746
Other receivables, deposits and prepayments	54,846	44,618
Derivative financial instruments:		
- Foreign exchange forward contracts	772	-
	<u>367,935</u>	<u>347,364</u>

11. Trade and other payables

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	<u>2024</u> <i>HK\$'000</i>	<u>2023</u> <i>HK\$'000</i>
Within 3 months	303,272	364,645
More than 3 months	605	2,694
Trade payables	303,877	367,339
Deposits received	13,788	17,009
Other payables and accruals	260,405	200,910
Deferred income	2,948	3,980
	<u>581,018</u>	<u>589,238</u>

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

During the year, a wholly-owned subsidiary of the Company, as the trustee for a trust set up for the purpose of acquiring shares of the Company to satisfy the exercise of options which may be granted pursuant to the Executive Share Option Scheme adopted on 23 April 2013, purchased 174,000 shares of the Company on The Stock Exchange of Hong Kong Limited at a total consideration of HK\$1,444,000.

Save as disclosed above, during the year, the Company did not redeem any of its listed shares. Neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed shares.

CORPORATE GOVERNANCE CODE

The Board has adopted a Corporate Governance Code which is based on the principles as set out in Appendix C1 (the "HKEX Code") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company has complied with all applicable code provisions of the HKEX Code for the year ended 30 June 2024.

REVIEW BY BOARD AUDIT AND RISK MANAGEMENT COMMITTEE ("BARMC")

The BARMC has reviewed with the management the accounting principles and practices adopted by the Company and discussed the auditing, risk management, internal controls and financial reporting matters including a review of the annual results of the Company for the year ended 30 June 2024.

SCOPE OF WORK PERFORMED BY AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders' right to attend and vote at the forthcoming annual general meeting:

Closure dates of Register of Members (both days inclusive)	5 November 2024 (Tuesday) to 8 November 2024 (Friday)
Latest time to lodge transfers	4:30 p.m. on 4 November 2024 (Monday)
Record date	8 November 2024 (Friday)
Annual General Meeting	8 November 2024 (Friday)

For ascertaining shareholders' entitlement to the proposed final dividend*:

Closure dates of Register of Members	18 November 2024 (Monday)
Latest time to lodge transfers	4:30 p.m. on 15 November 2024 (Friday)
Record date	18 November 2024 (Monday)
Proposed final dividend payment date	3 December 2024 (Tuesday)

*(*subject to shareholders' approval at the annual general meeting)*

During the periods of the closure of Register of Members, no share transfers will be registered. For registration, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrars and Transfer Office – Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before the relevant latest time to lodge transfers.

By Order of the Board
CHENG Man Ying
Company Secretary

Hong Kong, 4 September 2024

As at the date of this announcement, the Board of the Company comprises:

Chairman:
Mr. KWEK Leng Hai

Executive Director:
Mr. CHIU Chao Hsiang, James
– *Chief Executive Officer*

Non-Executive Directors:
Mr. Christian K. NOTHHAFT
Dr. WHANG Sun Tze

Independent Non-Executive Directors:
Mr. LO Kai Yiu, Anthony
Mr. Lester G. HUANG, SBS, JP
Ms. HO Yuk Wai, Joan