



**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)

*Annual Report*  
**2023/24**

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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **Executive Directors:**

Mr. Lam Kwok Hing (*Chairman*)  
Ms. Lee Choi Lin Joecy  
Ms. Gao Qin Jian  
Mr. Chan Cheuk Yu Stephen  
Mr. Mok Tsan San

#### **Independent Non-Executive Directors:**

Ms. Mak Yun Chu  
Mr. Poon Yiu Cheung Newman  
Mr. Hung Hing Man

#### **COMPANY SECRETARY**

Mr. Wong Siu Hong

#### **INDEPENDENT AUDITOR**

RSM Hong Kong  
Certified Public Accountants  
Public Interest Entity Auditor registered in accordance with  
the Accounting and Financial Reporting Council Ordinance

#### **REGISTERED OFFICE**

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

#### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

31st Floor, Guangdong Finance Building  
88 Connaught Road West  
Sheung Wan  
Hong Kong

#### **PRINCIPAL BANKERS**

Bank of China Limited  
China CITIC Bank International Limited  
Hang Seng Bank Limited  
LUSO International Banking Ltd.

#### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Suntera (Cayman) Limited  
Suite 3204, Unit 2A  
Block 3, Building D  
P.O. Box 1586, Gardenia Court  
Camana Bay, Grand Cayman  
KY1-1100, Cayman Islands

#### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Union Registrars Limited  
Suites 3301-04, 33/F  
Two Chinachem Exchange Square  
338 King's Road  
North Point  
Hong Kong

#### **COMPANY WEBSITE**

[www.hengtai.com.hk](http://www.hengtai.com.hk)

# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Heng Tai Consumables Group Limited (the "Company" or "Heng Tai"), it is my great privilege to present to our shareholders the Annual Report for the Company and its subsidiaries (together the "Group") for the financial year ended 30 June 2024 ("FY2023/24").

## FINANCIAL PERFORMANCE

During the financial year under review, the global economy continued to face a number of challenges, including slow global economic growth coupled with high interest rate environments, political uncertainty stemmed from the presidential election in the United States, the escalating tensions between China and the United States, as well as the negative spillovers from the wars in Ukraine and the Middle East. In China, the economic growth continued to be dragged down by the real estate crisis and the weak market demand after the novel coronavirus disease 2019 (COVID-19) (the "pandemic"). The Chinese GDP growth dropped to 4.7% in the last quarter of FY2023/24, which was the weakest yearly advance since the first quarter of 2023, the retail sales also grew at slow rates between two and three percent, implying consumers remained quite reluctant to spend in the midst of sluggish economy. Worse still, the competition from domestic products remained fierce, many domestic brands used aggressive prices to grab market share on top of their tremendous advertising activities. In light of the above unfavourable factors, the Group continued to proactively develop its trading business for domestic fresh produce and fast-moving consumer goods ("FMCG") products to counteract the challenges facing the imported products, as well as trimmed down unprofitable operations such as the securities brokerage and margin financing business to lower the operating costs. The downsizing process of the securities brokerage and margin financing business will continue in near future until completely pulling out of this business unit.

Revenues increased by approximately 0.3% to approximately HK\$442.0 million in FY2023/24, primarily attributable to the increase in the revenues of the domestic fresh produce trading business and the Upstream Farming Business, but substantially offset by the decrease in the revenues of the traditional trading business of the imported products. The net loss for FY2023/24 was approximately HK\$196.4 million, compared to the net loss of approximately HK\$125.6 million for the preceding financial year ("FY2022/23"). The increase in the net loss was mainly attributable to a combination of approximately 42.8% increase in selling and distribution expenses, approximately HK\$3.5 million and HK\$112.8 million increase in impairment losses on trade receivables and deposits and other receivables and on non-financial assets respectively, but partly offset by approximately 0.3% increase in turnover, approximately 1.2% increase in gross profit margin, approximately HK\$22.2 million decrease in changes in fair value due to biological transformation, approximately 3.0% decrease in administrative expenses and approximately HK\$26.7 million decrease in other operating expenses.

## BUSINESS REVIEW

During the financial year under review, the global economy has been affected by the high interest rate environment as well as other uncertainties such as the geographic wars in Ukraine and the Middle East and debt distress problems across different countries. The FMCG Trading Business also faced various difficulties, especially the weak market demand and the fierce competition from domestic brands which continuously used low prices to grab a larger market share on top of their tremendous advertising activities amidst a sluggish economy. As a result, the revenue of the FMCG Trading Business decreased by approximately 2.7% compared to FY2022/23. Against this backdrop, the Group continuously refined its product mix and sourced new products, not only from overseas suppliers, but also seeking cooperations with domestic manufacturers, to increase its competitiveness and profitability, such as an ongoing negotiations between the Group and a domestic comprehensive healthcare service and wellness products company to explore business opportunities for selling high quality healthcare products in the People's Republic of China (the "PRC").

During FY2023/24, the Agri-Products Business recorded an increase in its revenue, primarily attributable to the increase in the revenues of the Agri-Products Trading Business for domestic fresh produce and the Upstream Farming Business. Similar to the FMCG Trading Business, the Agri-Products Trading Business was also affected by the weak market demand and the keen competition from domestic products, especially when considering the gap in product quality and product variety between domestic fresh produce and imported fresh produce has been shrinking over past few years. Therefore, the Group has been continuously developing its trading business for domestic fresh produce as a supplementary business to counteract the challenging operating environment for the imported agricultural products trading business. The Group continued to expand its procurement network for the domestic agricultural products, and managed to negotiate for lower purchase costs by virtue of larger scale of operation. Furthermore, the operation commencement of the food processing centre in Dongguan has substantially facilitated its development in domestic fresh product trading and lowered sourcing and transportation costs thanks to its convenient location, which greatly enhanced the production capacity and gross profit margin.

## CHAIRMAN'S STATEMENT

On the other hand, the revenue of the Upstream Farming Business increased by approximately 9.0% compared to the last financial year thanks to the improved production yield. The Group's self-grown products' quality and variety have also improved as a result of the better production yield, the Group's efforts on research and development to improve cultivation skills as well as the use of higher quality fertilizers. The Group was actively seeking to procure new types of fertilizers through an overseas supplier and conducted a thorough review to assure the Group's agricultural products could be benefitted from the new fertilizers. The Group also intends to leverage the benefits of the abovementioned new fertilizers by promoting them in the domestic market, with hopes of generating a stable revenue stream in future.

During FY2023/24, the Group continued to develop an agricultural science industrial park (the "Agricultural Industrial Park") which comprised various facilities including a fruit processing centre to provide a wide range of functions including fruit washing, packing and storage, which effectively enhanced product quality assurance and brand building. However, the Group was conservative on new developments that required large capital commitment such as new arable land development and agri-tourism business in view of the sluggish macroeconomic environment and unpredictable inclement weather condition. The Group lowered its expectation for the future business performance of its arable farming lands and agri-tourism business and higher discount rates were also used in its valuation, thus resulting in a recognition of impairment losses on certain assets and investments of the Upstream Farming Business during the financial year under review.

During FY2023/24, the revenue of the securities brokerage and margin financing business decreased primarily attributable to the weak Hong Kong capital market, as well as the Group's strategy to gradually trim down its operations in this business unit. The downsizing process will continue in near future until completely pulling out of this business unit.

### DIVIDENDS

The Board does not recommend the payment of the final dividend in respect of the year ended 30 June 2024. In view of the unpredictable global, China and Hong Kong economic conditions and future capital requirement, the Board decided to maintain adequate cash reserves to prepare for the ongoing commitments to reinforce existing businesses and investment portfolio, and any unforeseen expenditure that might come up.

### LOOKING AHEAD

The global economic outlook continued to be gloomy despite the diminishing impact from the pandemic. The persistently high interest rates, the deepening real estate crisis in China, geographical tensions, political uncertainties such as the presidential election in the United States and the increasing competition from domestic brands continuously worsen the overall operating environment and cast a gloomy outlook over the Group's businesses.

Against the backdrop of the abovementioned uncertainties, the Group will focus on its core businesses and take prudent stance on future development. For the existing traditional trading business, including the FMCG Trading Business and the Agri-Products Trading Business, the Group will continue to reinforce and expand procurement network and source more suitable and niche products from both international and domestic suppliers. The Group will also continue to enhance the processing centre in Dongguan and use flexible pricing strategies to counteract the fluctuation in purchase costs. Moreover, the Group will adopt more stringent credit policies to mitigate bad debt-related risks.

For the Upstream Farming Business, the Group will carefully invest in this business unit, and enhance our agricultural skills by reinforcing research and development. The weak market demand, the inclement weather and rising cultivation costs continue to pose a threat to the operations, thus the Group will take a conservative stance on its new developments to minimise all kinds of expenditure and capital commitment. On the other hand, the Group will attempt to tap into the fertilizer trading business in the PRC with an aim to generate stable income stream.

The Group will keep working hard to improve financial performance by continuously implementing cost-saving initiatives to reduce operating costs and closely review each business unit for its development plan. The Group will exert every effort to ensure a strong and healthy financial position to weather any unforeseeable headwinds.

### CORPORATE SUSTAINABILITY

The Group believes that the business model providing one-stop services from trading, distributing to marketing and selling in the fast moving consumable goods and agri-products in China, supplemented by the upstream cultivations, can provide a high degree of sustainability in its operations. With the support of our healthy financial position, the Group will make continuous efforts to reinforce the sustainability of the operations so as to achieve long-term business growth and objectives.

## CHAIRMAN'S STATEMENT

### **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to extend my sincere appreciation to my fellow colleagues for their faith, commitment, and hardworking during the past year. I would also like to thank our shareholders and business partners for their support and trust. We will do all our best and we wish you all the best for the coming year.

**LAM Kwok Hing**

*Chairman*

Hong Kong, 27 September 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

During FY2023/24, the Group are 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 businesses 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 FY2023/24, the global economy continued to face a number of challenges, including slow global economic growth coupled with high interest rate environments, political uncertainty stemmed from the presidential election in the United States and the escalating tensions between China and the United States, as well as the negative spillovers from the wars in Ukraine and the Middle East. In China, the economic growth continued to be dragged down by the real estate crisis and the weak market demand after the novel coronavirus disease 2019 (COVID-19) (the “pandemic”). While merely mediocre growth was recorded in the first three quarters of FY2023/24, the Chinese GDP growth was even worse and dropped to 4.7% in the last quarter of FY2023/24, which was the weakest yearly advance since the first quarter of 2023, reflecting the lack of growth momentum after a short-lived post-pandemic rebound. Simultaneously, although the retail sales recorded impressive growth during the first half of FY2023/24, it grew much slower at the rate between two and three percent in the second half, implying consumers remained quite reluctant to spend in the midst of sluggish economy. On the other hand, the competition from domestic products remained fierce, especially considering their overwhelming advertisements and promotions, weak Renminbi further undermined the imported products’ competitiveness. The Group’s traditional trading business for imported products also encountered various difficulties and challenges in the context of the abovementioned unfavourable factors. In order to mitigate the negative impact from the decrease in the contribution from the imported products trading business, the Group continued to proactively develop its trading business for domestic fresh produce and FMCG products. The contribution from the trading business for domestic fresh produce increased by approximately 17.1% during the financial year, largely offsetting the decrease in the revenue from the imported products trading business. Additionally, the operation commencement of the food processing centre in Dongguan remarkably improved the efficiency and lowered the transportation costs of the trading business for the domestic agricultural products and greatly enhanced its gross profit margin. For the Upstream Farming Business, although its revenue grew by approximately 9.0% compared to the last financial year, primarily thanks to the improved production yield, the Group was conservative on its development for the new arable lands and agri-tourism business, and prepared a profit and cash flow forecast based on lower sales growth, lower gross profit projection and higher discount rates in its valuation based on the income approach to compute its value-in-use. As a result, impairment losses on the relevant assets and investments of the Upstream Farming Business were recognised because its value-in-use is lower than the carrying amount of the relevant segment assets which resulted in a shortfall. On the other hand, although the revenue of the FMCG Trading Business dropped compared to the last financial year, primarily stemmed from the weak macroeconomic conditions and keen competition as mentioned above, the Group continued to refine its product portfolio and adopted stable post-pandemic pricing strategies to cope with the challenging environment. As a result, the gross profit margin of the FMCG Trading Business remained stable during FY2023/24 in spite of the challenging environment. The Group has also been exploring business opportunities to cooperate with a domestic comprehensive healthcare service and wellness products company in order to enrich product portfolio and leverage on its established sales channels and trading proficiency in the PRC.

During the financial year, the Group continued to carefully review its businesses and trim down unprofitable operations. As the Hong Kong capital market was still weak, the Group has been continuously trimming down its operations in the securities brokerage and margin financing business during the financial year in order to reduce various expenses and operation risks. The downsizing process will continue in near future until completely pulling out of this business unit.

The overall operating environment is still fraught with uncertainties, especially the lack of growth momentum after the pandemic and the ongoing global political and geographical conflicts. The Group will focus on its core business, in particular the Agri-Products Business which continuously showed resilience over past few difficult years. In order to enhance the Upstream Farming Business, the Group was actively seeking to procure new fertilizers directly from an overseas supplier, which could provide our farming base in Jiangxi with a reliable and diversified supply of high-quality fertilizers. On 24 May 2024, the Company issued 52,535,151 ordinary shares, on the basis of one rights share for every two shares held, to the shareholders of the Company at a subscription price of HK\$0.35 per share through a rights issue. The Group intends to allocate 80% of the net proceeds of approximately HK\$17.4 million for developing the fertilizers trading business by promoting the abovementioned newly introduced fertilizers in the domestic market. Notwithstanding the above, the Group will continue to adopt conservative stance on future developments, implement cost-saving initiatives and ensure a strong and healthy financial position to weather any unforeseeable headwinds.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL PERFORMANCE

During the financial year under review, the Group generated total revenue of approximately HK\$442.0 million as compared to approximately HK\$440.6 million for FY2022/23, representing a rise of approximately 0.3%. The slight increase in revenues was mainly attributable to the increase in the revenues of the domestic fresh produce trading business and the Upstream Farming Business, but substantially offset by the decrease in the revenues of the traditional trading business of the imported products, including our imported FMCG and agricultural products, which was primarily attributable to the weak market demand and keen competition. During the financial year under review, China's economy was still sluggish after a short-lived rebound following the ease of the pandemic restrictions. While some sectors such as domestic travel had experienced stable recovery since the pandemic, other sectors such as foreign trade and import industries remained very weak during FY2023/24. The Group's imported FMCG and agricultural products trading business also faced fierce competition from domestic brands, not only stemming from their price advantage partly due to the weak Renminbi, but also the shrinking gap in product quality and product variety between the imported products and the domestic brands together with their overwhelming advertisements. To cope with the challenging environment of the imported products trading business, the Group continued to develop its domestic products trading business and the Upstream Farming Business, including enhancing the food processing centre in Dongguan, sourcing new fertilizers and hiring specialists to improve the quality of our self-grown agricultural products, which has been gaining traction and the revenues of the domestic fresh produce trading business and the Upstream Farming Business recorded healthy and steady growth during FY2023/24. On the other hand, the revenue of the securities brokerage and margin financing business also declined primarily due to the weak capital market activities, as well as the Group's attempt to downsize its operations in this business segment during FY2023/24.

Gross profit margin increased from approximately 7.1% to approximately 8.3% compared to FY2022/23. The increase was mainly attributable to the better product mix and the higher operational efficiency arising from the food processing centre in Dongguan, which has effectively smoothed the operations by increasing the operation capacity and lower the sourcing costs, remarkably improving the Agri-Products Trading Business's gross profit margin. Although the market demand was weak and the competition was keen, the Group adopted stable pricing strategy and did not participate in price competition. Meanwhile, the Group strived to negotiate larger discounts from the suppliers by way of bulk purchase, which was particularly effective for the domestic fresh produce trading business when its scale getting larger during FY2023/24. 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 during FY2023/24.

Changes in fair value due to biological transformation decreased from approximately HK\$41.9 million to approximately HK\$19.7 million. The decrease was mainly attributable to less depreciation as part of the farmland infrastructure has been fully depreciated during FY2023/24 as well as the decrease in plantation costs and other overheads.

Other gains and income increased to approximately HK\$12.3 million compared to approximately HK\$10.1 million in FY2022/23. The gains and income mainly represented an interest income of approximately HK\$4.3 million derived from the investment in a convertible bond issued by China Healthwise Holdings Limited ("China Healthwise"), an interest income from bank deposits of approximately HK\$2.3 million, a fair value gain on the convertible bond issued by China Healthwise of approximately HK\$5.9 million and other miscellaneous income of approximately HK\$1.3 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\$1.2 million and approximately HK\$0.3 million respectively.

Selling and distribution expenses increased by approximately 42.8% from approximately HK\$30.5 million to approximately HK\$43.6 million compared to FY2022/23, representing approximately 9.9% of total revenue (FY2022/23: 6.9%). The increase in the selling and distribution expenses as a percentage of turnover was mainly attributable to the increase in advertising and promotion activities, freight and transportation, logistics handling costs in distribution hubs, amortisation amount for distribution rights and depreciation amount for right-of-use assets recognised through selling and distribution expenses during the financial year under review. Selling and distribution expenses included, among others, promotion campaigns for the development of sales and marketing channels, outlays on brand building, marketing, freight and transportation, commission as well as sales force, logistics handling and distribution expenses all together spent in support of the Group's sales activities.

Administrative expenses decreased by approximately 3.0% from approximately HK\$64.3 million to approximately HK\$62.4 million compared to FY2022/23. The decrease in administrative expenses was primarily attributable to the Group's various cost saving initiatives, the trimming down of some unprofitable operations such as the securities brokerage and margin financing business and savings in professional fees during FY2023/24.



## MANAGEMENT DISCUSSION AND ANALYSIS

Impairment losses on trade receivables and deposits and other receivables were approximately HK\$6.3 million (FY2022/23: HK\$2.8 million) as the Group has continued to take a cautious approach on the receivables that exposed to a higher risk of collectability given these tumbling and uncertain economic conditions.

Other operating expenses decreased from approximately HK\$27.2 million to approximately HK\$0.5 million, which comprised of a written off of a money lender license of approximately HK\$0.4 million and an exchange loss of approximately HK\$0.1 million.

Impairment losses on non-financial assets of approximately HK\$112.8 million (FY2022/23: Nil) represented impairment losses on the Upstream Farming Business segment assets, of which approximately HK\$55.1 million for fixed assets, approximately HK\$34.4 million for bearer plants, approximately HK\$10.6 million for right-of-use assets, approximately HK\$10.3 million for construction in progress and approximately HK\$2.4 million for prepayments. During the financial year under review, the business environment of the Group remained challenging for the reasons that (i) the economic growth of the PRC continued to be dragged down by the real estate crisis and the weak market demand after the pandemic; (ii) the competition from domestic products remained fierce; (iii) inclement weather condition continued to pose a threat to the Upstream Farming Business of the Group; and (iv) the persistently high interest rate environment significantly increased funding costs and discouraged new investments. Given these unfavourable circumstances, the Group was conservative on the development of the Upstream Farming Business and has lowered its expectation for future business performance and prospects and the management has prepared a profit and cash flow forecast on a more conservative basis such as lower sales growth and lower gross profit projection as compared with the previous financial year's forecast. Furthermore, the Group also used a higher pre-tax discount rate of 10.45% (FY2022/23: 9.17%) to reflect the risks associated with the adverse factors inflicting on the Upstream Farming Business, resulting in a decline in future free cash flows and thus an impairment loss to its carrying amount compared with its value in use. The management has adopted the income approach consistently as in the previous financial year as the valuation method. The income approach is an appropriate method that can reflect the value of cash flow generated by the continuous operation of the assets, which is consistent with the requirements under HKAS 36 in determining the value-in-use of cash generating units.

Finance costs were kept at a minimal level during the financial year.

Net loss for the year ended 30 June 2024 was approximately HK\$196.4 million (FY2022/23: HK\$125.6 million). The increase in the net loss was mainly attributable to a combination of approximately 42.8% increase in selling and distribution expenses, approximately HK\$3.5 million and HK\$112.8 million increase in impairment losses on trade receivables and deposits and other receivables and on non-financial assets respectively, but partly offset by approximately 0.3% increase in turnover, approximately 1.2% increase in gross profit margin, approximately HK\$22.2 million decrease in changes in fair value due to biological transformation, approximately 3.0% decrease in administrative expenses and approximately HK\$26.7 million decrease in other operating expenses.

### BUSINESS REVIEW

#### FMCG Trading Business

The FMCG Trading Business sells packaged foods, beverages and household consumable products into the domestic Chinese market. These products are largely sourced overseas through the Group's wide-reaching global procurement network and are imported primarily from Australasia, Europe, the Americas and South East Asia. The FMCG Trading Business contributed approximately HK\$266.5 million in revenues to the Group for FY2023/24, decreased by approximately 2.7% from that contributed in FY2022/23. The decrease in revenues was primarily attributable to the weak market demand and the fierce competition against domestic brands. During the financial year under review, China's economic growth was weak and unbalanced after the pandemic, some sectors like the foreign trade and import industries faced various severe challenges. The Group's FMCG Trading Business also faced various difficulties, especially the fierce competition from domestic brands, which continuously used low prices to grab a larger market share on top of their tremendous advertising activities amidst a sluggish economy. Against this backdrop, the Group continuously refined its product mix and sourced new products, not only from overseas suppliers, but also seeking cooperations with domestic manufacturers, to increase its competitiveness and profitability. For instance, the Group has been exploring business opportunities to cooperate with a domestic comprehensive healthcare service and wellness products company in order to enrich product portfolio and leverage on its established sales channels and trading proficiency in the PRC. In addition, although weak Renminbi put the imported products at a disadvantage, the Group managed to maintain stable gross profit margin by lowering purchase costs through bulk purchase and adopting stable pricing strategies during FY2023/24.

## MANAGEMENT DISCUSSION AND ANALYSIS

This business unit can be classified into three categories including packaged foods, beverages and household consumable products with their respective contribution of approximately 83%, 12% 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 FY2023/24, the contribution percentage of packaged foods further increased compared to that of the last financial year, primarily due to the drop of the contribution from beverages. During the financial year under review, the Group closely followed the market trends and reallocated more resources from beverage products to packaged foods, in particular those licensed branded products with distribution rights. In view of the increasingly competitive environment of the beverage market in China, the Group trimmed down certain operation for beverage trading, hence the revenues contributed by beverages declined during FY2023/24.

### Agri-Products Business

The Agri-Products Business contains trading fresh produce imported from countries like Australasia and South East Asia as well as upstream cultivations in China. This business unit generated approximately HK\$172.5 million for the FY2023/24, increased by approximately 5.4% as compared to approximately HK\$163.6 million generated in FY2022/23, primarily attributable to the increase in the revenue of the Agri-Products Trading Business for domestic fresh produce. The Upstream Farming Business also recorded a rise in revenue of approximately 9.0% compared to the last financial year.

#### *Agri-Products Trading Business*

Similar to the FMCG Trading Business, this business segment was also affected by the weak market demand and the keen competition from domestic products, especially the trading business for the imported agricultural products when considering the gap in product quality and product variety between domestic fresh produce and imported fresh produce has been shrinking over past few years. The purchase costs and supply chain instability arising from its short life cycle and perishable nature further increased the difficulties in running trading business for the imported agricultural products. Notwithstanding the above, the Group strived to return the imported agricultural products trading business to normal in the post-pandemic era by leveraging on the well-established distribution network and entrenched relationship with suppliers and customers. The Group's efforts have gradually paid off, the revenue of the imported agricultural products trading remained fairly stable and the gross profit margin had slight improvement compared to the last financial year.

In the meantime, the Group has been continuously developing its trading business for domestic fresh produce as a supplementary business to counteract the challenging operating environment for the imported agricultural products trading business. The revenue of the trading business for domestic agricultural products increased by 17.1% compared to the last financial year, and the percentage of its revenue over the total revenue of the Agri-Products Trading Business continuously grew stably over past few years. During the financial year under review, the Group continued to expand its procurement network for the domestic agricultural products, and managed to negotiate for lower purchase costs by virtue of larger scale of operation. Furthermore, the operation commencement of the food processing centre in Dongguan has substantially facilitated its development in domestic fresh product trading and lowered sourcing and transportation costs thanks to its convenient location, which greatly enhanced the production capacity and gross profit margin. Going forward, the Group will continue to enhance the efficiency of the centre to underpin the development of the trading business for domestic agricultural products.

#### *Upstream Farming Business*

During the financial year under review, the Group continued to carefully operate in the plantations of early crop oranges and ponkans in the Jiangxi's farming base. The revenue of the upstream farming business increased by approximately 9.0% compared to the last financial year. The increase was primarily attributable to the improved production yield. Although the market demand was still weak after the pandemic, the production yield has been steadily improving during FY2023/24. Additionally, the product quality and variety have also improved thanks to the better production yield, the Group's efforts on research and development to improve cultivation skills as well as the use of higher quality fertilizers. Therefore, the Group managed to increase the selling prices and sale volume with better product quality and develop new product types in spite of the sluggish economy. During FY2023/24, in order to enhance the Upstream Farming Business, the Group was actively seeking to procure new types of fertilizers through an overseas supplier and hired an expert to evaluate and conduct a thorough review to assure the Group's agricultural products could be benefitted from the new fertilizers. Furthermore, the Group intends to leverage the benefits of the abovementioned new fertilizers by promoting them in the domestic market, with hopes of generating a stable revenue stream in future.

## MANAGEMENT DISCUSSION AND ANALYSIS

To facilitate the development of the Upstream Farming Business, the Group has been establishing an agricultural science industrial park (the “Agricultural Industrial Park”) which comprised 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. The fruit processing centre commenced its operations to provide a wide range of functions including fruit washing, packing and storage, which effectively enhanced product quality assurance and brand building. During FY2023/24, the fruit processing centre primarily served the Upstream Farming Business with a trivial volume of third party business, which is expected to be gradually increasing in future. In the meantime, the Group commenced its negotiations with various travel agencies to explore the cooperation for the agri-tourism business following the reopening of China’s economy.

Notwithstanding the above, the Group was conservative on its new development that required large capital commitment such as new arable land development and agri-tourism business in view of the sluggish macroeconomic environment and unpredictable inclement weather condition. The Group lowered its expectation for the future business performance of its arable farming lands and agri-tourism business and higher discount rates were also used in its valuation based on the income approach to compute the value-in-use, resulting in a decline in future free cash flows and thus impairment losses to its carrying amount compared with its value-in-use. As a result, impairment losses on certain assets and investments of the Upstream Farming Business of approximately HK\$112.8 million were recognised during FY2023/24 because its value-in-use is lower than the carrying amount of the relevant segment assets which resulted in a shortfall.

### Other Business

The Other Business contains providing securities trading, margin financing and IPO subscription brokerage services through Sino Wealth Securities Limited. The revenue of the securities brokerage and margin financing business, primarily brokerage commission, decreased by approximately 7.7% compared to the last financial year. The decrease in the revenue of the securities brokerage and margin financing business was primarily attributable to the weak Hong Kong capital market during the financial year under review, as well as the Group’s strategy to gradually trim down its operations in this business unit. The downsizing process will continue in near future until completely pulling out of this business unit.

### PRINCIPAL RISKS AND UNCERTAINTIES

A number of factors are crucial for the results and business operations of the Group, some of which are inherent to FMCG Trading Business, Agri-Products Business and Other Business and some are from external macro-environment. The major principal risks and uncertainties are summarised as follows:

#### 1) Economic and Financial Market Volatility

The Group’s trading businesses are impacted by fluctuations in the global economy and financial market, particularly those in China. The decline in China’s economic growth inevitably affected the level of disposable income and consumer confidence, and hence weighing on the demand on the Group’s products and revenues. Therefore, if there is any significant financial volatility and economic setback, or even economic shutdown caused by force majeure events such as global pandemic and wars, the Group’s operations and financial performance may be adversely affected. The economic risks may result in financial market turbulence and market disruption, which may severely affect the operations of the securities brokerage and margin financing business.

#### 2) Increasing Market Competition

The industries in which the Group operates in China are highly competitive. The Group’s competitiveness is its product differentiation by providing high quality imported products at reasonable prices. However, the Group’s competitiveness may be weakening in light of increasing market competition arising from the improvement of domestic product quality and the higher penetration of cross-border internet shopping. The Hong Kong financial industry is also a highly competitive market and the Group cannot assure to maintain existing client base.

#### 3) Increasing Political Risks

Political risks including the recent rise of global protectionism may severely affect the Group’s trading businesses. The increase in tariffs and various customs formalities as a result of the protectionism will increase the import costs and decrease the competitiveness of the Group’s imported products, and the Group cannot assure to pass on the increased costs to customers or maintain existing client base under such circumstances.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 4) Supply Chain Risk

The Group sources products from a number of overseas suppliers. The cooperation is based on well-entrenched relationship and fair terms of trade between the Group and suppliers. However, the Group cannot warrant that the relationship with each supplier will remain unchanged, and in the event the Group is unable to reach agreement upon reasonable terms with any suppliers and cannot find suitable substitute suppliers, the Group's operations may be affected. Supply chain may also be disrupted by force majeure events such as global pandemic and wars, the freight costs may rocket and the Group cannot warrant to restock inventory timely.

### 5) Inclement Weather Condition

The Group's Upstream Farming Business is highly dependent on the weather condition. Inclement weather condition will inevitably damage the level of crop productivity and thus the revenues of the Upstream Farming Business. Furthermore, the climate conditions of the areas where the suppliers for the Group's Agri-Products Trading Business are located could also severely affect the stability of product supply.

### 6) Financial Risk

The Group is exposed to various financial risks, including but not limited to, interest rate risk, currency risk, credit default risk, liquidity risk and policy risk. While the Group actively monitors these risks and adopts risk management measures to mitigate the potential adverse effects that could be derived from these risks, the Group cannot warrant that these risks can be fully hedged and the Group may suffer when unexpected financial events occur.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group devotes much attention to environmental protection and is committed to promoting environment-friendly behaviours in the course of business activities. The Group implemented different measures and set out guidelines for saving electricity, water and other precious resources and encouraged recycle of office supplies and other materials. The Group also operated major food processing centres and logistics facilities in strict compliance with the relevant environmental regulations and internationally recognised standards.

## KEY RELATIONSHIP

The Group's success highly depends on the support from key relationships with employees, suppliers and customers. The Group understands the importance of maintaining a good relationship with them to achieve its immediate and long-term business goals.

The Group is continuously offering training and encouraging continuing education for our employees. Meanwhile, the Group recognises the value of its key personnel in maintaining team morale and competitiveness. Both internal promotion and external recruitment are applied to select and promote top employees for vacant positions and attract qualified candidates to join the Group.

The Group cooperates with a number of suppliers based on long term relationships. The Group emphasises on the communication with suppliers and timely keeps them abreast of market trend in China's consumer market. The Group also provides value-added and tailor-made services to our suppliers to increase their stickiness.

The Group's customers include wholesalers, on-premise customers, e-commerce operators and securities investors. The Group's most important mission is to deliver high quality, safe and niche products to our customers. The Group continuously conducts market research and expands various communication channels to understand customers' needs.

During FY2023/24, there was no material and significant dispute between the Group and its employees, suppliers and customers.



# MANAGEMENT DISCUSSION AND ANALYSIS

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During FY2023/24, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

## SIGNIFICANT INVESTMENT HELD AND ITS PERFORMANCE

At 30 June 2024, the Group held a convertible bond issued by China Healthwise (the “Outstanding Bonds”).

China Healthwise is a listed company of 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 30 June 2024, China Healthwise has redeemed in total HK\$47.7 million of the bond. As at 30 June 2024, the outstanding principal amount was HK\$72.3 million and the fair value of the Group’s investment in the Outstanding Bonds was approximately HK\$69.0 million (30 June 2023: HK\$63.2 million), representing approximately 7.9% (30 June 2023: 5.9%) of the Group’s total assets, and recorded a fair value gain on investment of approximately HK\$5.9 million and an interest income of approximately HK\$4.3 million during the financial year.

On 19 August 2024, the Group and China Healthwise entered into a subscription agreement (the “Subscription Agreement”) for subscribing the bonds issued by China Healthwise in the aggregate principal amount of HK\$72.3 million, of which HK\$16.8 million is the principal amount of the convertible bonds and HK\$55.5 million is the principal amount of the straight bonds. Completion of the Subscription Agreement is conditional upon the fulfilment of the conditions precedent. The convertible bonds shall bear interest at a rate of 6% per annum, the conversion price at which the bonds is to be converted into conversion share shall be HK\$0.088 per conversion share. Based on the conversion price of HK\$0.088 per conversion share, a maximum of 190,909,090 new shares may be allotted and issued by China Healthwise, which represents approximately 19.86% of the issued share capital as enlarged by the issue and allotment of the new shares. The straight bonds shall bear interest at a rate of 8% per annum. The maturity dates of the convertible bonds and the straight bonds shall be two years from their issue dates. The consideration for the subscription of the convertible bonds and the straight bonds under the Subscription Agreement will be set off against the outstanding principal amount of HK\$72.3 million under the Outstanding Bonds. On 8 October 2024, the Group and China Healthwise entered into a supplemental agreement to revise both the completion date and long stop date to on or before 30 November 2024 (or such later date as China Healthwise and the subscriber may agree). An extraordinary general meeting (the “EGM”) will be convened to approve the Subscription Agreement and the transactions contemplated thereunder. However, as additional time is required to prepare and finalise certain information to be included in the circular containing, among other things, further details of the Subscription Agreement and the transactions contemplated thereunder, it is expected that the despatch date of the circular will not be later than 8 November 2024. The Company will make further announcement in due course when the date of the EGM is determined.

The objective for the above investment is to better utilise the Group’s available cash and 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 healthy financial position throughout the year under review. The Group financed its operations and business development with internally generated resources, equity funding 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 6 March 2024, 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”), became effective. The par value of each of issued consolidated shares was reduced from HK\$2.00 each to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$1.99 on each of the issued consolidated shares. Immediately upon the Capital Reduction becoming effective, every unissued consolidated share of HK\$2.00 each in the authorised share capital of the Company was sub-divided into 200 new shares of HK\$0.01 each. The credit arising from the Capital Reduction was transferred to a distributable reserve account of the Company which may be utilised by the Company as the directors may deem fit and permitted in accordance with the memorandum and articles of association and all applicable laws, including, without limitation, eliminating or setting off any accumulated losses from time to time.

On 24 May 2024, the Company issued 52,535,151 ordinary shares, on the basis of one rights share for every two shares held, to the shareholders of the Company at a subscription price of HK\$0.35 per share through a rights issue. The aggregate nominal value of the rights shares was HK\$525,351.51. The market price of the shares on 8 April 2024, being the last trading day of the shares on the Stock Exchange before the release of the rights issue announcement, was HK\$0.35 per share. The total net proceeds was approximately HK\$17.4 million, representing a net price (i.e. subscription price less expenses incurred in the rights issue) of approximately HK\$0.33 per rights share. The net proceeds of the rights issue amounted to approximately HK\$13.9 million would be used to develop the fertilizers trading business and approximately HK\$3.5 million would be used as general working capital of the Group.

Subsequent to FY2023/24 on 12 August 2024, the Company issued 21,000,000 ordinary shares to not less than six independent placees at the placing price of HK\$0.233 per share. The aggregate nominal value of the placing shares was HK\$210,000.00. The market price of the shares on 19 July 2024, being the date of the placing agreement, was HK\$0.241 per share. The net proceeds of the placing was approximately of HK\$4.6 million, representing a net issue price (i.e. placing price less expenses incurred in the placing) of approximately HK\$0.22 per placing share. The net proceeds of the placing amounted to approximately HK\$4.6 million would be used as general working capital of the Group.

At 30 June 2024, the Group had floating interest-bearing borrowings of approximately HK\$0.1 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 facilities at 30 June 2024 were 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\$3.5 million (30 June 2023: HK\$0.1 million) and pledged bank deposits of certain subsidiaries in carrying amount of approximately HK\$2.0 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 30 June 2024, the Group did not have any significant hedging instrument outstanding.

At 30 June 2024, the Group’s current assets amounted to approximately HK\$514.4 million (30 June 2023: HK\$591.8 million) and the Group’s current liabilities amounted to approximately HK\$65.8 million (30 June 2023: HK\$85.4 million). The Group’s current ratio maintained at a level of approximately 7.8 at 30 June 2024 (30 June 2023: 6.9). At 30 June 2024, the Group had total assets of approximately HK\$869.6 million (30 June 2023: HK\$1,073.5 million) and total liabilities of approximately HK\$82.7 million (30 June 2023: HK\$103.4 million) with a gearing ratio of approximately 0.02% (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 30 June 2024 and 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### USE OF PROCEEDS FROM RIGHTS ISSUE 2017

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

Set out below are the details of the use of the net proceeds of approximately HK\$207.3 million from the Rights Issue 2017.

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 year ended 30 June 2024	Utilised as at 30 June 2024	Remaining proceeds as at 30 June 2024	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	1.5	6.0	- by 30 June 2024
(viii)	Promotion and marketing activities	10.0	4.7	1.9	7.2	2.8 by 30 June 2024
(ix)	Set up of an agri-tourism park with various facilities in Jiangxi	27.0	9.1	9.1	27.0	- by 30 June 2024
(x)	Working capital and general corporate purposes	3.3	-	-	3.3	- by 30 June 2022
Total		207.3	15.3	12.5	204.5	2.8

## MANAGEMENT DISCUSSION AND ANALYSIS

### CHANGE OF USE OF PROCEEDS FROM RIGHTS ISSUE 2017

As indicated in the table above, the total remaining proceeds of approximately HK\$2.8 million as at 30 June 2024 was originally intended to be used by 30 June 2024 for promotion and marketing activities to uplift the Group's business in China (details of which were disclosed in the announcement of the Company dated 10 March 2021). The delay in use of the remaining proceeds of approximately HK\$2.8 million was mainly due to the economic growth of the PRC continued to be dragged down by the real estate crisis and the weak market demand after the pandemic, and the Company was conservative on the development of its business in the PRC and hence will cut down on the promotion and marketing activities of the Group. In addition, in view of the sluggish consumer market and uncertain economic outlook in the PRC, on 27 September 2024, the Board has resolved to change the use of the remaining proceeds of approximately HK\$2.8 million from promotion and marketing activities to the Group's general working capital to allow more flexibility and resourcefulness in running its business and is expected to be fully utilised on or before 30 June 2025. The Board considers the aforesaid change of use of the remaining proceeds and timeline of the Rights Issue 2017 will enhance the efficiency of the utilisation of funds and improve the liquidity of the Group and is beneficial to and in the interests of the Company and the shareholders of the Company as a whole.

### USE OF PROCEEDS FROM RIGHTS ISSUE 2024

On 24 May 2024, the Company raised from a rights issue the net proceeds of approximately HK\$17.4 million (the "Rights Issue 2024").

Set out below are the details of the use of the net proceeds of approximately HK\$17.4 million from the Rights Issue 2024.

Approximate HK\$ million	Planned use of proceeds as disclosed in the prospectus of the Company dated 30 April 2024	Utilised during the year ended 30 June 2024	Utilised as at 30 June 2024	Remaining proceeds as at 30 June 2024	Expected timeline for the intended use	
(i)	Development of the fertilizers trading business under the Agri-Products Business	13.9	0.4	0.4	13.5	by 30 September 2025
(ii)	General working capital of the Group	3.5	-	-	3.5	by 30 June 2025
Total	17.4	0.4	0.4	17.0		

### NUMBER AND REMUNERATION OF EMPLOYEES

At 30 June 2024, the Group had 259 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 year ended 30 June 2024, 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 year ended 30 June 2024, 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 30 June 2024 (30 June 2023: Nil). The number of options available for grant under the share option scheme mandate at 1 July 2023 (restated), 30 June 2024 and the date of this report was 9,363,480, which represented approximately 5.2% of the issued shares of the Company at the date of this report.



## MANAGEMENT DISCUSSION AND ANALYSIS

### DEVELOPMENT AND PROSPECTS

During FY2023/24, the global economic outlook continued to be gloomy despite the diminishing impact from the pandemic. The persistently high interest rates, the deepening real estate crisis in China, geographical tensions, political uncertainties such as the presidential election in the United States and the increasing competition from domestic brands continuously worsen the overall operating environment and cast a gloomy outlook over the Group's businesses.

Against this backdrop, the Group will focus on its core businesses, including the FMCG Trading Business and the Agri-Products Trading Business. The Group will continue to reinforce and expand procurement network and source more suitable and niche products from both international and domestic suppliers. Additionally, the Group will continue to enhance the processing centre in Dongguan, which is an important hub for the domestic fresh produce trading business. In view of uncertain economic outlook and surging purchase costs, the Group will effectively adjust selling prices to counteract the increase in purchase costs and bargain better pricing from suppliers through bulk purchase. Meanwhile, the Group will also adopt more stringent credit policies to mitigate bad debt-related risks.

For the Upstream Farming Business, although its performance has been improving over past few years thanks to its improving agricultural operations and distribution channels, the weak market demand, the inclement weather and rising cultivation costs continue to pose a threat to the operations. Therefore, the Group will carefully develop the new developments of this business unit based on the market demand and the financial viability to minimise all kinds of expenditure and capital commitment. In the meantime, the Group will enhance our agricultural skills by engaging different farming experts, reinforcing research and development and using more high quality fertilizers. Additionally, the Group will attempt to tap into the fertilizer trading business in the PRC with an aim to generate stable income stream.

In view of the uncertain global outlook, the Group will focus on its core businesses and adopt a more conservative stance on future business developments. The Group will continue to implement cost-saving initiatives to reduce operating costs and closely review each business unit for its development plan. The Group will exert every effort to ensure a strong and healthy financial position to weather any unforeseeable headwinds.

# DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

### **Mr. Lam Kwok Hing**, *Chairman, Managing Director, Executive Director and Chief Executive Officer*

Mr. Lam Kwok Hing, aged 68, is the Chairman, Managing Director, Executive Director and the Chief Executive Officer. He is a member of the Remuneration Committee and the Nomination Committee of the Company. Mr. Lam has been appointed as the Executive Director since April 2001 and is the overall strategic visionary of the Group. He also holds certain directorships in the subsidiaries of the Company. Mr. Lam founded the original group company with other founding shareholders in 1994. He manages the strategic planning, corporate policy development, marketing strategy and high level management for the Group's macro business activities. Over the past decade, Mr. Lam was instrumental in shaping the development and evolution of the Group and building the business from a small-scale packaged food trading house to an integrated distribution and logistics enterprise. Since March 2012, the Board has appointed Mr. Lam as Chief Executive Officer in view of Mr. Lam's in-depth experience in the industry and the Group's overall operation. In the context of the challenging business environment, the Board believes that the arrangement would provide the Group with strong and consistent leadership, and allow for effective and efficient planning and implementation of business decisions and strategies which can generate benefits for the Group and the shareholders as a whole. Mr. Lam is the spouse of Ms. Lee Choi Lin Joecy, who is also the Executive Director and co-founder of the Company. Mr. Lam is also a director of Best Global Asia Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

### **Ms. Lee Choi Lin Joecy**, *Executive Director*

Ms. Lee Choi Lin Joecy, aged 64, has been appointed as the Executive Director since April 2001 and holds certain directorships in the subsidiaries of the Company. Ms. Lee is responsible for the general administration and management of the Group. She has over 20 years' experience in marketing and distribution of fast moving consumer goods. Ms. Lee founded the original group company with other founding shareholders in 1994. Ms. Lee is the spouse of Mr. Lam Kwok Hing, who is the Chairman, Managing Director, Executive Director and the Chief Executive Officer of the Company.

### **Ms. Gao Qin Jian**, *Executive Director*

Ms. Gao Qin Jian, aged 64, has been appointed as the Executive Director since January 2012. She also held certain directorships in the subsidiaries of the Company. Ms. Gao received her Bachelor Degree in Business, majoring in business administration from Fudan University in the PRC. She is also a Senior Accountant granted by Shanghai Expertise Qualification Review Committee, Accounting Series. Ms. Gao has over 25 years' experience in accounting and finance, as well as extensive managerial experience in the distribution and logistics industries. Prior to joining the Group in 2004, she was the deputy general manager of one of the renowned retail chain stores in the PRC. Ms. Gao is also the General Manager of the Group overseeing the Group's FMCG Trading Business in northern and eastern regions of the PRC.

### **Mr. Chan Cheuk Yu Stephen**, *Executive Director*

Mr. Chan Cheuk Yu Stephen, aged 47, has been appointed as the Executive Director since February 2017 and holds certain directorships in the subsidiaries of the Company. Mr. Chan received his Bachelor's degree with first honour in Financial Economics from Coventry University, UK and a Master's degree in Finance from University of London, Imperial College of Science, Technology and Medicine. He was an executive director of the institutional sales of a reputable brokerage firm immediately prior to joining the Company. He has more than 15 years' experience in investment banking, securities, IPOs, corporate actions and derivatives. Mr. Chan is also a director of Glazy Target Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

### **Mr. Mok Tsan San**, *Executive Director*

Mr. Mok Tsan San, aged 53, has been appointed as the Executive Director since July 2022. Mr. Mok holds a Bachelor of Science degree in Civil Engineering from Ohio State University in the United States. He is the managing director of Capital Union Investments Limited, a direct investment firm with a portfolio in Greater China and overseas. With over 20 years of solid experience in fund raising and investment syndication in a number of ventures, he has helped, funded, and/or personally invested in and advised in, among others, a number of Silicon Valley technology companies. Mr. Mok is mainly responsible for formulating strategic development plans and supervising the Group's current and future investment projects. Mr. Mok began his career in Babtie Asia Limited (now named as Jacobs Engineering Group Inc.), an international civil engineering consulting firm as an engineer. Mr. Mok was a founder of Up Marine Holdings Limited, which was focusing on marine business in the Greater China region as well as many other countries in Asia with its position being an innovative company to design, build and distribute creative marine products and services and to promote the marine-related lifestyle. Mr. Mok has also been an executive director of CCIAM Future Energy Limited (stock code: 145), a company listed on the Main Board of the Stock Exchange since April 2023. He has also been an executive director of Chinese Strategic Holdings Limited (stock code: 8089) since August 2014. The listing of the shares of Chinese Strategic Holdings Limited on GEM of the Stock Exchange was cancelled with effect from 4 May 2022.

## DIRECTORS AND SENIOR MANAGEMENT

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Ms. Mak Yun Chu**, *Independent Non-executive Director*

Ms. Mak Yun Chu, aged 66, has been appointed as the Independent Non-executive Director since April 2004. She is also the Chairman of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Ms. Mak is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, and has over 20 years' experience in accounting and administration. Ms. Mak has also been an independent non-executive director of Kingkey Financial International (Holdings) Limited (former name "UKF (Holdings) Limited", stock code: 1468), a company listed on the Main Board of the Stock Exchange since March 2016.

**Mr. Poon Yiu Cheung Newman**, *Independent Non-executive Director*

Mr. Poon Yiu Cheung Newman, aged 70, has been appointed as the Independent Non-executive Director since November 2003. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Poon received his Bachelor of Arts Degree, majoring in accounting and economics from the University of Alberta in Canada. Mr. Poon was a senior executive in a multinational insurance company and held a senior accounting position in a renowned hotel and has over 30 years' experience in insurance and accounting.

**Mr. Hung Hing Man**, *Independent Non-executive Director*

Mr. Hung Hing Man, aged 54, has been appointed as the Independent Non-executive Director since February 2017. He is also a member of the Audit Committee of the Company. Mr. Hung received his master's degree in Business Administration from the University of Western Sydney. He is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong and the Society of Chinese Accountants and Auditors. Mr. Hung is currently a proprietor of a certified public accountants firm. He has extensive working experience in corporate finance, accounting, auditing and taxation sectors. Mr. Hung was an independent non-executive director of China Information Technology Development Limited (stock code: 8178), a company listed on the GEM of the Stock Exchange from April 2015 to July 2024, and was also an 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 from February 2023 to December 2023. He was also an independent non-executive director of REXLot Holdings Limited (In Liquidation) from January 2019 to November 2020. The listing of the shares of REXLot Holdings Limited (In Liquidation) on the Stock Exchange was cancelled with effect from 10 May 2021.

### SENIOR MANAGEMENT

**Mr. Wong Siu Hong**, *Chief Financial Officer and Company Secretary*

Mr. Wong Siu Hong, aged 56, joined the Group in March 2003. Mr. Wong holds a Bachelor Degree in Business, majoring in accounting and commercial law in Australia. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and the CPA Australia. Prior to joining the Group, Mr. Wong worked in a multinational accounting firm. He has over 20 years' experience in accounting and auditing. He is responsible for the Group's financial planning and management and overseeing the corporate governance function.

**Mr. Chu Yi Chit Javin**, *Chief Investment and Corporate Relations Officer*

Mr. Chu Yi Chit Javin, aged 47, joined the Group in May 2012. Mr. Chu holds a Master of Science Degree in Accounting and Finance from the London School of Economics with Distinction and a Bachelor of Business Administration Degree from the Hong Kong University of Science and Technology. He is a member of the CFA Institute and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, Mr. Chu had worked for several sizable and renowned corporations. He has over 20 years' experience in corporate finance and accounting. He is responsible for overseeing the Group's project investments and all external communication with the financial and investor community.

**Ms. Hung Sau Yung Rebecca**, *General Manager for group administration and accounting*

Ms. Hung Sau Yung Rebecca, aged 58, joined the Group in March 1998. Ms. Hung received her Bachelor Degree in Business majoring in accounting from Queensland University of Technology in Australia. Ms. Hung has over 25 years' experience in accounting and administration. Prior to joining the Group, she worked as an administration and accounting manager in a Hong Kong trading company. Ms. Hung was the Executive Director since January 2012 and retired in December 2018. After her retirement, Ms. Hung is the General Manager overseeing the internal financial operations and controls as well as managing the administrative functions of the Group.

# DIRECTORS' REPORT

The directors ("Directors") of Heng Tai Consumables Group Limited (the "Company", together with its subsidiaries, the "Group") have pleasure in presenting the annual report and the audited consolidated financial statements for the financial year ended 30 June 2024.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 44 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

## RESULTS AND FINANCIAL POSITION

The results of the Group for the financial year ended 30 June 2024 are set out in the Consolidated Statement of Profit or Loss and Consolidated Statement of Profit or Loss and Other Comprehensive Income on pages 36 and 37.

The state of affairs of the Group as at 30 June 2024 are set out in the Consolidated Statement of Financial Position on pages 38 and 39.

## RESERVES

The movements in the reserves of the Group are set out in the Consolidated Statement of Changes in Equity on page 40. The movements in the reserves of the Company are set out in note 36(b) to the consolidated financial statements.

## DIVIDENDS

The board of Directors (the "Board") does not recommend the payment of a final dividend to the shareholders of the Company for the financial year ended 30 June 2024 (2023: HK\$Nil).

## FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in note 16 to the consolidated financial statements.

## CONSTRUCTION IN PROGRESS

Details of the movements in construction in progress of the Group are set out in note 18 to the consolidated financial statements.

## SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 34 to the consolidated financial statements.

## DISTRIBUTABLE RESERVES

As at 30 June 2024, reserves of the Company available for distribution to the shareholders of the Company were approximately HK\$816,445,000 (2023: HK\$814,939,000). Under the Companies Law of the Cayman Islands (Cap 22, Law 3 of 1961, consolidated and revised), the share premium account of the Company of approximately HK\$2,455,999,000 (2023: HK\$2,439,015,000) is distributable to the shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business. The share premium account of the Company may also be distributed in the form of fully paid bonus shares to be issued to members.

## MAJOR CUSTOMERS AND SUPPLIERS

Sales attributable to the Group's five largest customers accounted for less than 30% of the Group's total sales for the year ended 30 June 2024.

Purchases attributable to the Group's five largest suppliers and the Group's largest supplier accounted for approximately 32% and approximately 8% respectively of the Group's total purchases for the year ended 30 June 2024.

At all times during the year, no Director, their associate or any shareholder of the Company (which, to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interests in the major customers or suppliers noted above.



## DIRECTORS' REPORT

### DIRECTORS

The Directors during the year and up to the date of this report were:

#### Executive Directors

Mr. Lam Kwok Hing (*Chairman*)  
Ms. Lee Choi Lin Joecy  
Ms. Gao Qin Jian  
Mr. Chan Cheuk Yu Stephen  
Mr. Mok Tsan San

#### Independent Non-executive Directors

Ms. Mak Yun Chu  
Mr. Poon Yiu Cheung Newman  
Mr. Hung Hing Man

In accordance with the articles of association of the Company, Ms. Gao Qin Jian, Mr. Mok Tsan San and Mr. Hung Hing Man will retire at the forthcoming annual general meeting and, who being eligible, will offer themselves for re-election.

According to Article 112, the Directors shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

The Company has received from each Independent Non-executive Director an annual confirmation of his/her independence pursuant to rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), and considers all Independent Non-executive Directors are independent.

### 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 August 2024, Mr. Hung Hing Man has also resigned as the independent non-executive director of China Information Technology Development Limited (stock code: 8178), a company listed on the GEM 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.

Details of emoluments of the relevant Directors for the financial year ended 30 June 2024 are set out in note 13 to the consolidated financial statements.

### DIRECTORS' SERVICE CONTRACTS

All Directors have entered into service contracts with the Company. Save for Mr. Lam Kwok Hing, Ms. Lee Choi Lin Joecy and Mr. Mok Tsan San, all Directors were appointed for a term of 3 years.

Each of Mr. Lam Kwok Hing and Ms. Lee Choi Lin Joecy entered into service contracts with the Company for an initial term of 3 years commencing on 1 July 2001 renewable automatically for successive terms of 1 year after the expiry of each of the then current term until terminated by not less than 3 months' notice in writing served by either party.

Mr. Mok has entered into a service agreement with the Company for a term of one year commencing from 13 July 2024.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the year.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company, other than a contract of service with any director or engagement with any full-time employee, were entered into or subsisted during the year.

### DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2024, 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 ("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"), 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	30,606,157	19.42%
Ms. Lee Choi Lin Joecy ("Ms. Lee")	1	Family interest	30,606,157	19.42%
Mr. Chan Cheuk Yu Stephen ("Mr. Chan")	2	Interest in controlled corporation	15,053,003	9.55%

Notes:

- 30,606,157 shares are comprised of (i) 20,630,918 shares which are held by Best Global Asia Limited ("Best Global"), a company incorporated in the British Virgin Islands (the "BVI") wholly and beneficially owned by Mr. Lam; and (ii) 9,975,239 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 30,606,157 shares.
- 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 30 June 2024, 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 corporations (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 financial year nor at the end of the financial year 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.

### SHARE OPTION SCHEME

Particulars of the share option scheme of the Company are set out in note 37 to the consolidated financial statements.

## DIRECTORS' REPORT

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2024, the interests of every person, other than a Director or chief executive of the Company, in the shares and 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 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
Mr. Chow Yin Man		Beneficial owner	25,753,774	16.34%
Best Global	1	Beneficial owner	20,630,918	13.09%
Glazy Target	2	Beneficial owner	15,053,003	9.55%
Mr. Tang Ka Siu Johnny	3	Interest in controlled corporation and beneficial interest	11,435,550	7.26%
Smart Empire Group Limited	3	Beneficial owner	8,510,550	5.40%

Notes:

- These shares are in duplicate the interests held by Mr. Lam and Ms. Lee as stated in section "Directors' Interests in Securities".
- These shares are in duplicate the interests held by Mr. Chan as stated in section "Directors' Interests in Securities".
- 8,510,550 shares are held by Smart Empire Group Limited, a company incorporated in Republic of Seychelles wholly and beneficially owned by Mr. Tang Ka Siu Johnny.

Save as disclosed above, as at 30 June 2024, 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.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this report, the Company maintained a sufficient public float of not less than 25% of the Company's total issued shares held by the public.

### TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities.

### DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year and up to the date of this report, no Director, controlling shareholder or their respective associates (as defined in the Listing Rules) is considered to have any interest in a business which competes or may compete, either directly or indirectly, with the businesses of the Group.

### EMOLUMENT POLICY

The Group's remuneration policy was adopted by the Board on the basis of the experience, level of responsibility, contribution and effectiveness of the Group's employees.

The emoluments of the Directors are decided by the Board, as authorised by the shareholders at annual general meetings, having regard to the individual performance, duties and responsibilities with the Company and the prevailing market conditions. All of the Directors' emoluments are covered by the relevant service contract.

The Remuneration Committee was set up in July 2005, advising the Board on the emoluments of the Directors and senior management. The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of which are set out in note 37 to the consolidated financial statements.

# DIRECTORS' REPORT

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Company's articles of association, all the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, cost, charges, losses, damages and expenses which they shall or may incur or sustain. In addition, the Company has arranged for appropriate Directors and officers liability insurance ("D&O Insurance") to indemnify its Directors and officers against liabilities arising out of legal action on corporate activities. The relevant provisions in the D&O Insurance were in force during the financial year ended 30 June 2024 and as of the date of this report.

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

Throughout the financial year ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## CONNECTED TRANSACTIONS

Pursuant to Rule 14A.72 of the Listing Rules, the related party transactions in relation to the key management personnel remuneration as set out in note 43 to the consolidated financial statements were connected transactions exempt from the connected transactions requirements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Save for the aforesaid, during the year and up to the date of this report, no connected transactions were entered into between the Company or any of its subsidiaries and a connected person as defined under the Listing Rules.

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 110.

## BUSINESS REVIEW

Details of business review during the financial year are set out in the section titled "Chairman's Statement" on pages 3 to 5 and "Management Discussion and Analysis" on pages 6 to 16 of this report, and all such discussions form part of this Directors' Report.

## CORPORATE GOVERNANCE

Details of the Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 24 to 30.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report is published in a separate electronic form on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.hengtai.com.hk](http://www.hengtai.com.hk) at the same time as the publication of this annual report.

## INDEPENDENT AUDITOR

RSM Hong Kong, the independent auditor of the Company, shall retire and a resolution will be submitted to re-appoint RSM Hong Kong as auditor at the forthcoming annual general meeting.

By order of the Board

**Lam Kwok Hing**  
*Chairman*

Hong Kong, 27 September 2024



# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

Heng Tai Consumables Group Limited (the “Company”, together with its subsidiaries, the “Group”) is committed to establish and maintain good corporate governance practices and procedures which are the important elements for risk management along with the growth and expansion of the Company. The Company emphasises on maintaining and carrying out sound, solid and effective corporate governance principles and structures. The board of directors (the “Directors”) (the “Board”) believes that a well-balanced corporate governance system enables the Group to achieve business excellence and fulfill the Company’s vision and missions, and 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 (the “Stock Exchange”) (the “Listing Rules”) to its corporate governance structure and practices as described in this report. Throughout the financial year ended 30 June 2024, the Company has complied with all the applicable code provisions of the CG Code, except with deviation from code provision C.2.1, detail of such deviation with considered reasons are set out in the following section titled “Chairman and Chief Executive”.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules 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 financial year ended 30 June 2024.

## BOARD OF DIRECTORS

During the year ended 30 June 2024 and up to the date of this report, the Board comprised of the following members:

### Executive Directors

Mr. Lam Kwok Hing (*Chairman*)  
 Ms. Lee Choi Lin Joeey  
 Ms. Gao Qin Jian  
 Mr. Chan Cheuk Yu Stephen  
 Mr. Mok Tsan San

### Independent Non-executive Directors

Ms. Mak Yun Chu  
 Mr. Poon Yiu Cheung Newman  
 Mr. Hung Hing Man

In recognition of their contributions and services to the Group, Directors are remunerated with annual directors’ fees or monthly salaries that are commensurable with their duties, individual performance and the prevailing market conditions. Directors’ fees or salaries are decided by the Board, as authorised by the shareholders in annual general meetings. Directors may also be granted options to subscribe for shares of the Company under the share option scheme of the Company in order to provide them with an opportunity to participate in the equity of the Company and to motivate them to optimise their performance. In addition, all Directors are covered by appropriate insurance on Directors’ liabilities from their risk exposure arising from the management of the Group.

Save as disclosed in the section titled “Directors and Senior Management” of this annual report, there is no financial, business, family or other material/relevant relationship between Board members and chief executive.

There is a clear division of responsibilities between the Board and the management. The principal function of the Board is to supervise the overall management of the Company, which includes formulating business strategies, directing and supervising the Company’s affairs, approving interim reports and annual reports, announcements of interim and final results and considering dividend policy, major transactions, and other significant operational and financial matters of the Company. The Board has delegated to the management team of day-to-day management, strategies implementation and other administrative and operational matters of the Company and each respective subsidiary. The delegation arrangements of management function are reviewed from time to time to ensure they remain appropriate to the Group’s need.

# CORPORATE GOVERNANCE REPORT

The Company provided regular financial updates and presentations on the business development of the Group, as well as providing materials and articles explaining on the latest development regarding Listing Rules and other applicable statutory requirements to Directors, including every newly appointed Director, to ensure their contributions to the Board remained informed and relevant. During the year ended 30 June 2024, Mr. Chan Cheuk Yu Stephen, Mr. Mok Tsan San and Mr. Poon Yiu Cheung Newman have participated in appropriate continuous professional development activities by reading materials relating to the Listing Rules, Companies Ordinance and other regulatory updates or journals. In addition to reading regulatory updates, Mr. Lam Kwok Hing, Ms. Lee Choi Lin Joecy, Ms. Gao Qin Jian, Ms. Mak Yun Chu and Mr. Hung Hing Man have also attended continuous professional development courses or seminars related to directors' profession. The Company will continue to arrange or fund trainings for Directors as a continuous professional training programme.

## CHAIRMAN AND CHIEF EXECUTIVE

Under 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.

## NON-EXECUTIVE DIRECTORS

The Board currently includes three Independent Non-executive Directors. At least one of the three Independent Non-executive Directors hold appropriate professional qualifications, or accounting or related financial management expertise set out in rule 3.10(2) of the Listing Rules. More than one-third of the members of the Board are Independent Non-executive Directors. The Company has received from each Independent Non-executive Director an annual confirmation of his/her independence pursuant to rule 3.13 of the Listing Rules and the Company considers each of the three Independent Non-executive Director to be independent.

The Board noted that each of Ms. Mak Yun Chu and Mr. Poon Yiu Cheung Newman has served the Board for more than 9 years. Save for the aforesaid, each of them fully satisfied with the factors of independence as set out in rule 3.13 of the Listing Rules and there is no evidence that the tenure has had any impact on his/her independence. Accordingly, the Board considers Ms. Mak Yun Chu and Mr. Poon Yiu Cheung Newman are still independent to serve in the capacity of Independent Non-executive Directors. For the purpose of the CG Code, each of their further appointment as an Independent Non-executive Director shall be subject to a separate resolution to be approved by shareholders in general meeting.

All Independent Non-executive Directors were appointed with a specific term of 3 years and are subject to retirement by rotation and re-election at annual general meetings at least once for every three years in accordance with the articles of association of the Company.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

The articles of association of the Company provided that at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. In addition, any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting after his/her appointment and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' ATTENDANCE IN MEETINGS

The Board meets regularly for reviewing and discussing the Group's business updates and strategies. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

The individual attendance record of each Director at the meetings of the Board, Audit Committee, Remuneration Committee, Nomination Committee and general meeting for the financial year ended 30 June 2024 is set out below:

Directors	Board	Number of meetings attended/held			General Meeting
		Audit Committee	Remuneration Committee	Nomination Committee	
<i>Executive Directors</i>					
Mr. Lam Kwok Hing	6/6	N/A	1/1	1/1	2/2
Ms. Lee Choi Lin Joecy	6/6	N/A	N/A	N/A	2/2
Ms. Gao Qin Jian	6/6	N/A	N/A	N/A	2/2
Mr. Chan Cheuk Yu Stephen	6/6	N/A	N/A	N/A	2/2
Mr. Mok Tsan San	6/6	N/A	N/A	N/A	2/2
<i>Independent Non-executive Directors</i>					
Ms. Mak Yun Chu	6/6	2/2	1/1	1/1	2/2
Mr. Poon Yiu Cheung Newman	6/6	2/2	1/1	1/1	2/2
Mr. Hung Hing Man	6/6	2/2	N/A	N/A	2/2

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibility are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

## CORPORATE GOVERNANCE FUNCTION

The Board is collectively responsible for performing the corporate governance duties which include:

- to develop, review and implement the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct applicable to employees and Directors;
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and
- to oversee environmental, social and governance ("ESG") matters, as well as assessing and managing material ESG risks.

The Group has adopted the Whistleblowing Policy and Anti-bribery & Corruption Policy in order to strengthen the corporate governance system of the Group. The Board has also reviewed the adequacy of staff training, any change of the Group's ESG risks, the effectiveness of communication of monitoring results by the management to the Board and the effectiveness of the Group's financial reporting function. No significant control failings have been identified during the said period.

## COMPANY SECRETARY

The Company Secretary's biography is set out in the "Directors and Senior Management" section of the Annual Report. During the year, the Company Secretary confirms that he has taken not less than 15 hours of professional training to update his skills and knowledge in compliance with Rule 3.29 of the Listing Rules.

# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE

The members of the Audit Committee are:

Ms. Mak Yun Chu, Independent Non-executive Director (*Chairman*)  
 Mr. Poon Yiu Cheung Newman, Independent Non-executive Director  
 Mr. Hung Hing Man, Independent Non-executive Director

The Audit Committee was established with specific written terms of reference. The responsibilities and authorities include but not limited to reviewing the Group's financial reporting system, the internal control procedures and the Group's consolidated financial statements, as well as the independence of external auditor.

During the financial year ended 30 June 2024, the Audit Committee held 2 meetings with all committee members attended and the external auditor, internal audit function and senior management joined to review and discuss the interim and annual consolidated financial statements of the Group. They have also reviewed and considered the accounting principles and practices being adopted, internal control and financial reporting matters as well as the appointment and independence of external auditor. The unaudited consolidated financial statements of the Group for the six months ended 31 December 2023 have been reviewed and approved by the Audit Committee.

## REMUNERATION COMMITTEE

The Company established the Remuneration Committee in July 2005. The members of the Remuneration Committee are:

Ms. Mak Yun Chu, Independent Non-executive Director (*Chairman*)  
 Mr. Poon Yiu Cheung Newman, Independent Non-executive Director  
 Mr. Lam Kwok Hing, Executive Director

The Remuneration Committee was established with specific written terms of reference. The responsibilities and authorities include but not limited to making recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management, reviewing and recommending to the Board the remuneration package of individual Executive Directors and senior management, and reviewing and/or approving matters relating to share schemes under Listing Rules.

The Remuneration Committee held 1 meeting with all committee members attended during the financial year ended 30 June 2024, for assessing the performance of Executive Directors, reviewing and discussing the present remuneration structure of the Group and has made recommendations to the Board in relation to the salaries, bonuses, allowances, share options, trainings and retirement benefits scheme contributions paid to the Directors and senior management of the Group, taking into account the individual performance, time commitment, duties and responsibilities with the Company and the prevailing market condition. It has also reviewed the terms and conditions of the share option scheme under the requirements of the Listing Rules.

## Remuneration of Directors and Senior Management

Pursuant to code provision of the CG Code, the remuneration of the members of the senior management by band for the year ended 30 June 2024 is set out below:

Remuneration Bands (HK\$)	Number of individuals
1,000,001–1,500,000	1
1,500,001–2,000,000	2

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in note 13 to the consolidated financial statements.

# CORPORATE GOVERNANCE REPORT

## NOMINATION COMMITTEE

The Company established the Nomination Committee in July 2005. The members of the Nomination Committee are:

Ms. Mak Yun Chu, Independent Non-executive Director (*Chairman*)  
Mr. Poon Yiu Cheung Newman, Independent Non-executive Director  
Mr. Lam Kwok Hing, Executive Director

The Nomination Committee was established with specific written terms of reference. The responsibilities and authorities include but not limited to making recommendations to the Board on the appointment or re-election of Directors and assessing the independence of Independent Non-executive Director.

During the financial year ended 30 June 2024, the Nomination Committee held 1 meeting with all committee members attended, for reviewing the structure, size and composition including the gender, skills, knowledge and experience of the Board, assessing the independence of the Independent Non-executive Directors, and making recommendations to the Board on the re-election of Directors taking into account the candidates' commitment to their respective roles and functions and a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service according to the Nomination Policy and Board Diversity Policy adopted by the Board in August 2013.

The Nomination Policy of the Company sets out the nomination procedures, the process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship to the Board. According to the Nomination Policy, the Nomination Committee reviews the structure, size and composition of the Board and make recommendation on any proposed changes to the Board to complement the Company's corporate strategy. When it is necessary to fill a casual vacancy or appoint an additional director, the Nomination Committee identifies or selects candidates, or engage independent search firm to help identify potential candidates pursuant to the nomination criteria. If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the interviews with each candidate and make recommendation to the Board for its consideration and approval. The criteria that the Nomination Committee shall give due consideration include but not limited to the candidate's character and integrity, qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, the candidate's financial, business, family or other relevant relationship with any member of the Board, and the number of listed company directorships of the candidate which may affect the sufficiency of time devotion of the candidate to the Board matters.

The Board Diversity Policy, aims at setting out the approach on diversity of the Board, is also one of the factors of consideration during the nomination or re-election of Board members. The Company believes that a diversified perspective can be achieved through implementation of the Board Diversity Policy. In designing the Board's composition or in recommending candidates for appointment to the Board and re-election of Directors the Nomination Committee will consider a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on objective criteria, merit and contribution that the selected candidates will bring to the Board having due regard for the benefits of diversity on the Board. During the year, the Nomination Committee and the Board have reviewed the implementation and effectiveness of the Board Diversity Policy. As at the date of this report, we had three female Directors and five male Directors on the Board, and the Board considered this a balanced gender parity and targets to maintain a level of around 30% of female representation on the Board when considering re-election or succession of Directors. The gender ratio (male:female) in the workforce including senior management was approximately 49:51.

The Nomination Committee also reviewed and considered the mechanisms ensuring independent views and input are provided to the Board. Such mechanisms include considering engaging independent search firm to help identify potential candidates for succession planning of Directors, abstaining interested Director from voting for board matters so as to avoid conflicts of interest, and facilitating Directors on making informed board decisions. All Directors are entitled to have access to board papers and related materials, and to make further enquiries with senior management where necessary. They are also entitled to seek advice from independent professional advisers at the Company's expense.



# CORPORATE GOVERNANCE REPORT

## INTERNAL CONTROL AND RISK MANAGEMENT

The Board believes that a well-designed system of internal control is crucial to safeguard the assets of the Group and to ensure reliability of the financial reporting as well as compliance with the relevant rules and regulations. The Board acknowledges the overall responsibilities for the Group's internal control, financial control and risk management system and monitor the effectiveness regularly as well as the scopes of the internal audit reviews according to risk assessment. Special reviews from internal audit function may also be performed on areas of concern identified by management or the Audit Committee from time to time. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

An ongoing risk management approach is adopted by the Group for identifying and assessing the key inherent risks that affect the achievements of its objectives. The Group established a risk management framework that the Board and management discuss potential risks during board meetings and management meetings regularly. Management from different subsidiaries and departments voluntarily raise any issues that need attention and further discussions. The Board and key management are closely involved in daily operation and monitor the potential risks with their understanding of the industry. When risks arise during business operations, they are assessed at management meetings and risk management actions are taken for significant risks. The Group prioritizes risks identified during management meetings and significant risks are handled at once. Progress on the risks identified at previous meetings is followed up.

The Board has performed an annual review over the effectiveness of the internal control system of the Group including functions of financial, operation, compliance and risk management for the financial year ended 30 June 2024. The review showed a satisfactory result. The Company considered the internal control and risk management systems effective and adequate. The Directors shall, where necessary, initiate appropriate procedures to improve and reinforce the risk management internal control system.

The Company has established and implemented relevant procedures and internal controls for the handling and dissemination of inside information, including restricting employee access to inside information on a need-to-know basis and ensuring that those who need to know understand the obligation of keeping the information confidential. All inside information is disclosed to the public pursuant to the requirements under the Securities and Futures Ordinance and the Listing Rules and kept strictly confidential before disclosure.

## DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy") in January 2019. According to the Dividend Policy, the Board shall, before proposing and declaring dividends, consider a number of factors such as the Group's financial performance, liquidity position, working capital requirements, future expansion plan and general economic conditions that may have an impact on the business or financial performance and position of the Group. The declaration and payment of dividends by the Company is also subject to any restrictions under the laws of the Cayman Islands, the memorandum and articles of association of the Company and any applicable laws, rules and regulations. The Company does not have any pre-determined dividend distribution ratio.

## COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

The Company recognises the importance of good communication with the shareholders. Information in relation to the Group is disseminated to the shareholders in a timely manner through financial reports, announcements and circulars of the Company. Annual and interim reports offer comprehensive information to shareholders on operational and financial performance whereas annual general meetings provide a forum for shareholders to exchange views directly with the Board. The Company regards annual general meetings as important events and all Directors (including Independent Non-executive Directors), senior management and external auditor shall make an effort to attend such meetings to address shareholders' queries. All shareholders are given a minimum of 21 clear days' notice of the date, venue and agenda of annual general meetings. All resolutions put to vote at the Company's general meetings are taken by poll. Poll results are published on the websites of the Company and the Stock Exchange.

In accordance with the articles of association of the Company, one or more shareholders holding, at the date of the deposition of requisition, not less than one-tenth of the paid up capital of the Company having the right to vote at general meetings may request by writing for the attention of the Directors or the Secretary to convene extraordinary general meetings within 21 days of deposit of such requisition and put forward proposals at such meetings. The purposes of the meetings and the businesses to be transacted in the meeting must be specified in the requisition and lodged with the principal place of business of the Company at 31st Floor, Guangdong Finance Building, 88 Connaught Road West, Sheung Wan, Hong Kong.

## CORPORATE GOVERNANCE REPORT

As regards proposing a person for election as a director, please refer to the procedures as set out in (i) the articles of association of the Company available on the websites of the Company and the Stock Exchange; and (ii) the guidelines titled “Procedures for Shareholders to Propose a Person for Election as a Director of the Company” on the Company’s website.

### Enquiries

Shareholders who intend to put forward their enquiries about the Company to the Board could email their enquiries to [ir@hengtai.com.hk](mailto:ir@hengtai.com.hk).

For share registration related matters, please contact Union Registrars Limited at (852) 2849 3399, the branch share registrar and transfer office of the Company in Hong Kong.

### INVESTOR RELATIONS

The Company has established an Investor Relations Policy, which describes the general guidelines and defines the responsibilities in relation to the handling of material information and the communication with financial market and shareholders. It is in the interest of the Company to maintain effective communication with the financial community and other stakeholders in order to achieve a fair valuation on the Company’s securities and at the same time, enhance shareholders’ value. The critical element of effective communication process is to provide accurate, complete and transparent information of the Company, along with a timely update on any material changes that occur. The integrity of the capital market is based on full and fair disclosure so that all investors and shareholders have equal access to material information of the Company. The Board was satisfied with the review of the implementation and effectiveness of this policy, which could effectively provide a two-way communication platform by the Company with the investors and shareholders by way of regular meetings and timely update of the Company’s financial results and developments.

### CONSTITUTIONAL DOCUMENTS

Pursuant to the ordinary resolution and special resolution passed at the extraordinary general meeting held on 22 December 2023, the authorised share capital of the Company was consolidated to HK\$1,000,000,000 divided into 500,000,000 ordinary shares of par value of HK\$2.00 each and became effective on 28 December 2023 and further sub-divided to HK\$1,000,000,000 divided into 100,000,000,000 ordinary shares of par value of HK\$0.01 each and became effective on 6 March 2024. The consolidated version of the memorandum and articles of association of the Company is available for viewing on the websites of the Company and the Stock Exchange.

### AUDITORS’ SERVICES AND REMUNERATION

An analysis of the remuneration payable to the Group’s independent auditors to perform audit and non-audit services for the financial year ended 30 June 2024 is as follows:

#### Services rendered

	2024 HK\$’000	2023 HK\$’000
Audit service	2,582	2,608
Non-audit services	–	181
	<u>2,582</u>	<u>2,789</u>

### DIRECTORS’ RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the accounts for each financial period which give a true and fair view of the state of affairs of the Group and to present a balanced, clear and understandable assessment of the financial results and disclosures of the Group under the Listing Rules and other rules and statutory requirements.

### AUDITOR’S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The responsibilities of the independent auditor to the shareholders are set out in the Independent Auditor’s Report from pages 31 to 35.

# INDEPENDENT AUDITOR'S REPORT



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**TO THE SHAREHOLDERS OF  
HENG TAI CONSUMABLES GROUP LIMITED**  
*(Incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Heng Tai Consumables Group Limited and its subsidiaries (the "Group") set out on pages 36 to 109, which comprise the consolidated statement of financial position as at 30 June 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

1. Impairment assessment of agri-products business segment assets
2. Impairment assessment of fast moving consumer goods ("FMCG") trading business segment assets

### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### 1. Impairment assessment of agri- products business segment assets

Refer to note 9 to the consolidated financial statements.

The Group has assets attributable to the cash-generating units ("CGUs") within the cultivation, sale and trading of agri-products business segment with total carrying amount of approximately HK\$463 million as at 30 June 2024 before recognition of impairment losses during the year.

During the year, the agri-products business incurred a continuous segment loss which increases the risk that its assets within those CGUs may be impaired.

The recoverable amount of the CGUs was based on a calculation of value in use which requires management to make assumptions about the future including budgeted sales, gross profit ratio and growth rates and to determine an appropriate market discount rate. These estimates require significant management judgement.

Impairment losses of approximately HK\$55 million, HK\$11 million, HK\$10 million, HK\$34 million and HK\$3 million were made for fixed assets, right-of-use assets, construction in progress, bearer plants and prepayments during the year to reduce their carrying amounts to their recoverable amounts.

The impairment assessment of agri-products business segment assets is our area of focus given it is subject to significant management judgement and estimation which are subjective.

We obtained an understanding of the management's internal control and assessment process of impairment assessment of agri-products business segment assets, and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors including subjectivity.

We evaluated the key controls in respect of impairment assessment of agri-products business segment assets.

Our procedures in relation to management's impairment assessment included:

- Assessing the integrity of the valuation model;
- Evaluating the historical accuracy of forecast by, for example, comparing the forecast used in prior years model to the actual performance of the CGUs within the agri-products business segment in the current year;
- Assessing the reasonableness of the key assumptions based on the current operating environment and our knowledge of the business;
- Reconciling input data to supporting evidence, including approved budgets and considering the accuracy of previous management budgets; and
- Assessing the appropriateness of the discount rate with the assistance of our external valuation specialists.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (CONTINUED)

### Key Audit Matter (Continued)

#### 2. Impairment assessment of FMCG trading business segment assets

Refer to note 9 to the consolidated financial statements.

The Group has assets attributable to the FMCG trading business segment which is a CGU, with total carrying amount of approximately HK\$348 million as at 30 June 2024 before recognition of impairment losses during the year.

During the year, the FMCG trading business recorded a decline in revenue and incurred a continuous segment loss which increases the risk that its segment assets may be impaired.

The recoverable amount of the FMCG trading business segment assets was based on a calculation of value in use which requires management to make assumptions about the future including budgeted sales, gross profit ratio and growth rates and to determine an appropriate market discount rate. These estimates require significant management judgement.

Based on the value in use calculation, there is no impairment required to be recognised for current year as the recoverable amount exceeds its carrying amount.

The impairment assessment of FMCG trading business segment assets is our area of focus given it is subject to significant management judgement and estimation which are subjective.

### How our audit addressed the Key Audit Matter (Continued)

We obtained an understanding of the management's internal control and assessment process of impairment assessment of FMCG trading business segment assets, and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors including subjectivity.

We evaluated the key controls in respect of impairment assessment of FMCG trading business segment assets.

Our procedures in relation to management's impairment assessment included:

- Assessing the integrity of the valuation model;
- Evaluating the historical accuracy of forecast by, for example, comparing the forecast used in prior years model to the actual performance of FMCG trading business segment in the current year;
- Assessing the reasonableness of the key assumptions based on the current operating environment and our knowledge of the business;
- Reconciling input data to supporting evidence, including approved budgets and considering the accuracy of previous management budgets; and
- Assessing the appropriateness of the discount rate with the assistance of our external valuation specialists.



## INDEPENDENT AUDITOR'S REPORT

### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Wo Cheung.

**RSM Hong Kong**

*Certified Public Accountants*

27 September 2024

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2024

	Note	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>	7	<b>441,951</b>	440,600
Cost of sales		<u>(405,318)</u>	<u>(409,124)</u>
<b>Gross profit</b>		<b>36,633</b>	31,476
Changes in fair value due to biological transformation	25	<b>(19,715)</b>	(41,896)
Other gains and income	8	<b>12,271</b>	10,073
Selling and distribution expenses		<b>(43,610)</b>	(30,532)
Administrative expenses		<b>(62,355)</b>	(64,279)
Impairment losses on trade receivables and deposits and other receivables		<b>(6,266)</b>	(2,804)
Impairment losses on non-financial assets		<b>(112,840)</b>	–
Other operating expenses		<u>(480)</u>	<u>(27,217)</u>
<b>Loss from operations</b>		<b>(196,362)</b>	(125,179)
Finance costs	10	<u>(326)</u>	<u>(550)</u>
<b>Loss before tax</b>		<b>(196,688)</b>	(125,729)
Income tax credit	11	<u>240</u>	<u>133</u>
<b>Loss for the year attributable to owners of the Company</b>	12	<u><b>(196,448)</b></u>	<u>(125,596)</u>
<b>Loss per share</b>	15		(Restated)
Basic		<u><b>HK\$(1.74)</b></u>	<u>HK\$(1.18)</u>
Diluted		<u><b>N/A</b></u>	<u>N/A</u>

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

For the year ended 30 June 2024

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
<b>Loss for the year</b>	<b>(196,448)</b>	(125,596)
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value change on revaluation of buildings	<b>(2,973)</b>	(912)
Deferred tax liability on revaluation of buildings	<b>743</b>	228
	<b>(2,230)</b>	(684)
<i>Items that have been or may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>(1,043)</b>	(14,027)
Exchange differences reclassified to profit or loss on deregistration of subsidiaries	<b>(967)</b>	72
Release of reserve upon redemption of financial assets at fair value through other comprehensive income ("FVTOCI")	<b>–</b>	1,915
	<b>(2,010)</b>	(12,040)
<b>Other comprehensive income for the year attributable to owners of the Company, net of tax</b>	<b>(4,240)</b>	(12,724)
<b>Total comprehensive income for the year attributable to owners of the Company</b>	<b>(200,688)</b>	(138,320)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Note	2024 HK\$'000	2023 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	16	<b>182,034</b>	207,485
Right-of-use assets	17	<b>25,781</b>	41,082
Construction in progress	18	<b>14,971</b>	70,299
Bearer plants	19	<b>50,045</b>	89,473
Goodwill	20	–	–
Other intangible assets	21	<b>3,822</b>	374
Other assets	22	<b>205</b>	673
Investment in a club membership	23	<b>108</b>	108
Investments	24	<b>69,035</b>	63,504
Deferred tax assets	32	<b>9,193</b>	8,733
		<b>355,194</b>	481,731
<b>Current assets</b>			
Biological assets	25	<b>12,096</b>	17,878
Inventories	26	<b>97,811</b>	105,317
Trade receivables	27	<b>195,343</b>	202,298
Prepayments, deposits and other receivables		<b>120,651</b>	120,196
Investments	24	<b>3,669</b>	4,877
Pledged bank deposits	28	<b>2,000</b>	12,183
Client trust bank balances	28	<b>265</b>	7,199
Bank and cash balances	28	<b>82,527</b>	121,830
		<b>514,362</b>	591,778
<b>TOTAL ASSETS</b>		<b>869,556</b>	1,073,509
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	34	<b>1,576</b>	210,141
Reserves	36(a)	<b>785,315</b>	759,929
<b>Total equity</b>		<b>786,891</b>	970,070



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Note	2024 HK\$'000	2023 HK\$'000
<b>Non-current liabilities</b>			
Lease liabilities	31	5,090	5,687
Deferred tax liabilities	32	11,756	12,367
		<u>16,846</u>	<u>18,054</u>
<b>Current liabilities</b>			
Trade payables	29	55,601	64,106
Accruals and other payables		9,311	9,197
Borrowings	30	147	10,460
Lease liabilities	31	760	1,622
		<u>65,819</u>	<u>85,385</u>
<b>Total liabilities</b>		<u>82,665</u>	<u>103,439</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>869,556</u>	<u>1,073,509</u>
<b>Net current assets</b>		<u>448,543</u>	<u>506,393</u>
<b>Total assets less current liabilities</b>		<u>803,737</u>	<u>988,124</u>

Approved by the Board of Directors on 27 September 2024 and are signed on its behalf by:

**LAM Kwok Hing**  
Chairman

**CHAN Cheuk Yu Stephen**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Attributable to owners of the Company										
	Share capital (note 34) HK\$'000	Share premium account (note 36(c)(i)) HK\$'000	Legal reserve (note 36(c)(ii)) HK\$'000	Foreign currency translation reserve (note 36(c)(iii)) HK\$'000	Property revaluation reserve (note 36(c)(iv)) HK\$'000	FVTOCI reserve (note 36(c)(v)) HK\$'000	Special reserve (note 36(c)(vi)) 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 year	-	-	-	-	-	-	-	(125,596)	(125,596)	-	(125,596)
Other comprehensive income	-	-	-	(13,955)	(684)	1,915	-	-	(12,724)	-	(12,724)
Total comprehensive income for the year	-	-	-	(13,955)	(684)	1,915	-	(125,596)	(138,320)	-	(138,320)
Deregistration of subsidiaries	-	-	-	-	-	-	86,094	(86,094)	-	41	41
At 30 June 2023	210,141	2,390,451	97	85,178	17,750	-	-	(1,733,547)	970,070	-	970,070
At 1 July 2023	210,141	2,390,451	97	85,178	17,750	-	-	(1,733,547)	970,070	-	970,070
Loss for the year	-	-	-	-	-	-	-	(196,448)	(196,448)	-	(196,448)
Other comprehensive income	-	-	-	(2,010)	(2,230)	-	-	-	(4,240)	-	(4,240)
Total comprehensive income for the year	-	-	-	(2,010)	(2,230)	-	-	(196,448)	(200,688)	-	(200,688)
Capital reduction (note 34(a)(iii))	(209,090)	-	-	-	-	-	-	209,090	-	-	-
Rights issue (note 34(b))	525	16,984	-	-	-	-	-	-	17,509	-	17,509
	(208,565)	16,984	-	-	-	-	-	209,090	17,509	-	17,509
At 30 June 2024	1,576	2,407,435	97	83,168	15,520	-	-	(1,720,905)	786,891	-	786,891

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	<b>(196,688)</b>	(125,729)
Adjustments for:		
Amortisation of other intangible assets	<b>5,460</b>	–
Changes in fair value due to biological transformation	<b>19,715</b>	41,896
Depreciation of fixed assets, net of amount capitalised	<b>20,772</b>	17,005
Depreciation of right-of-use assets, net of amount capitalised	<b>16,396</b>	10,295
Finance costs	<b>326</b>	550
Gain on early termination of leases	<b>–</b>	(46)
Gain on disposal of a subsidiary	<b>(10)</b>	–
(Gain)/loss on deregistration of subsidiaries, net	<b>(911)</b>	47
(Gain)/loss on disposal of fixed assets, net	<b>(18)</b>	1
Interest income	<b>(6,611)</b>	(7,079)
Impairment loss on trade receivables	<b>9,860</b>	3,485
Reversal of impairment loss on trade receivables	<b>(3,545)</b>	(7)
Impairment loss on prepayment	<b>2,447</b>	–
Reversal of impairment loss on other receivables	<b>(49)</b>	(674)
Impairment loss on fixed assets	<b>55,054</b>	–
Impairment loss on right-of-use assets	<b>10,621</b>	–
Impairment loss on construction in progress	<b>10,297</b>	–
Impairment loss on bearer plants	<b>34,421</b>	–
Fixed assets written off	<b>–</b>	358
Intangible assets written off	<b>374</b>	–
Fair value (gain)/loss on financial assets at fair value through profit or loss (“FVTPL”), net	<b>(4,323)</b>	26,144
Operating loss before working capital changes	<b>(26,412)</b>	(33,754)
Increase in biological assets	<b>(15,015)</b>	(16,942)
Decrease in inventories	<b>22,918</b>	26,664
Decrease/(increase) in other assets	<b>468</b>	(468)
Decrease/(increase) in client trust bank balances	<b>6,934</b>	(3,484)
(Increase)/decrease in trade and other receivables, prepayments and deposits	<b>(2,488)</b>	28,063
Decrease in trade and other payables	<b>(8,391)</b>	(6,217)
Cash used in operations	<b>(21,986)</b>	(6,138)
Interest paid	<b>(48)</b>	(150)
Interest on lease liabilities	<b>(278)</b>	(400)
Net cash used in operating activities	<b>(22,312)</b>	(6,688)

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	2024 HK\$'000	2023 HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	3,359	3,750
Payments for right-of-use assets	(17,731)	(10,220)
Proceeds from redemption of financial assets at FVTOCI	–	25,500
Proceeds from disposal of fixed assets	20	182
Proceeds from disposal of a subsidiary	10	–
Purchases of fixed assets	(197)	(6,135)
Purchase of other intangible assets	(9,282)	–
Decrease in pledged bank deposits	10,183	3,984
(Increase)/decrease in time deposits with original maturity over three months	(12,449)	44,281
Additions to construction in progress	(8,906)	(21,875)
	<u>(34,993)</u>	<u>39,467</u>
Net cash (used in)/generated from investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from rights issue	17,509	–
Repayment of bank loans	(15,000)	(32,000)
Drawdown of bank loans	5,000	30,000
Decrease in import loans	(313)	(125)
Principal elements of lease payments	(1,299)	(2,284)
	<u>5,897</u>	<u>(4,409)</u>
Net cash generated from/(used in) financing activities		
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(51,408)</b>	<b>28,370</b>
Effect of foreign exchange rate changes	(344)	(7,915)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>120,889</b>	<b>100,434</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>69,137</b>	<b>120,889</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances	82,527	121,830
Less: Time deposits with original maturity over three months	(13,390)	(941)
	<u>69,137</u>	<u>120,889</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 1. GENERAL INFORMATION

Heng Tai Consumables Group Limited (the “Company”) was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of its principal place of business is 31st Floor, Guangdong Finance Building, 88 Connaught Road West, Sheung Wan, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 44 to the consolidated financial statements.

## 2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 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 and prior accounting periods reflected in these consolidated financial statements.

## 3. ADOPTION OF NEW AND REVISED HKFRSs

### (a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 July 2023 for the preparation of the consolidated financial statements:

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 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### *Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”*

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies” for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 3. ADOPTION OF NEW AND REVISED HKFRSs (CONTINUED)

#### (a) Application of new and revised HKFRSs (Continued)

*Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies” (Continued)*

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial position and performance but has affected the disclosure of the Group’s accounting policies set out in note 4 to the consolidated financial statements.

*Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong*

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “Abolition”). The Abolition will officially take effect on 1 May 2025 (the “Transition Date”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee’s LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA’s guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19.

This change in accounting policy has had no material impact on the Group’s financial position and performance for the current and prior years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 3. ADOPTION OF NEW AND REVISED HKFRSs (CONTINUED)

### (b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to standards and interpretation that have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 — Non-current Liabilities with Covenants	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (“HK Int 5 (Revised)”) )	1 January 2024
Amendments to HKAS 7 and HKFRS 7 — Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 — Lack of Exchangeability	1 January 2025
Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027

Except for new standard mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

#### *Impact of HKFRS 18 “Presentation and Disclosure in Financial Statements”*

In July 2024, HKICPA issued HKFRS 18 which is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information. The management is currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. buildings, and certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### (b) Separate financial statements

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss. Cost includes direct attributable costs of investments. The result of the subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividends exceed the total comprehensive income of the subsidiaries in the period the dividends are declared or if the carrying amount of the investments in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investees' net assets including goodwill.

#### (c) Goodwill

Goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (d) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's functional and presentation currency.

(ii) *Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) *Translation on consolidation*

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (e) Fixed assets

Fixed assets are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below). Fixed assets are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Buildings comprise mainly trading platform, warehouses and offices. Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, based on valuations by external independent valuers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such buildings is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Depreciation of revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to accumulated losses.

Depreciation of fixed assets is calculated at rates sufficient to write off their cost or revalued amounts less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Buildings	The shorter of the lease terms and 50 years
Farmland infrastructure	4–20 years
Leasehold improvements	5–10 years
Plant and machinery	5–20 years
Furniture, office equipment and motor vehicles	5–10 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress represents buildings and farmland infrastructure under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of fixed assets is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (f) Bearer plants

Bearer plants consist of mature trees and infant trees in the Group's plantations in the People's Republic of China (the "PRC"). The role of the mature trees is to supply fruits through the processes of growth in each production cycle. The infant trees are held for transforming into mature trees.

Expenditure that are attributable to the biological growth of infant trees, such as depreciation of fixed assets, depreciation of right-of-use assets, and management fees are recognised as additions to bearer plants until the stage such infant trees start bearing fruits.

Infant trees are undergoing biological transformation leading to them being able to produce fruits. Infant trees are carried at cost less any recognised impairment loss. Once infant trees become mature and productive, they will be transferred to the category of mature trees and depreciation commences. Mature trees are depreciated using straight-line method over their expected useful lives of 12 to 27 years.

Bearer plants are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal of the bearer plants is determined as the difference between the sales proceeds and carrying amount of the bearer plants and is recognised in profit or loss.

### (g) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### (i) The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (g) Leases (Continued)

##### (i) The Group as a lessee (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the subsidiaries of the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

##### (ii) The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (h) Other intangible assets

Other intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 1 to 5 years. Other intangible asset with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the intangible asset has suffered an impairment loss.

### (i) Club membership

Club membership with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

### (j) Biological assets

Biological assets comprise fresh fruit bunches before harvest in leased farms and are classified as current assets due to short harvesting period.

Biological assets are measured at fair value less costs to sell from initial measurement up to the point of harvest, except where fair value cannot be measured reliably due to unavailability of quoted market prices and no reliable alternative estimates exist to determine fair value, in which case the assets are held at cost less accumulated impairment losses. Once the fair value becomes reliably measurable, the biological assets are measured at fair value less costs to sell and changes in fair value are recognised in the consolidated statement of profit or loss.

The infant trees and mature trees are presented and accounted for as bearer plants, see note 4(f). However, the fresh fruit bunches growing on the fruit trees is accounted for as biological assets until the point of harvest. Harvested fresh fruit bunches are transferred to inventories at fair value less costs to sell when harvested. Fair value at the point of harvest is based on the selling prices for similar fruits prevailing in the market as at or close to the harvest dates.

Costs to sell include the incremental selling costs, including commission paid to brokers and dealers and estimated costs of transport to the market but exclude finance costs and income taxes.

### (k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### (l) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (m) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### *Debt investments*

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- FVTOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses (“ECL”), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

##### *Equity investments*

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer’s perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to accumulated losses. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

#### (n) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

#### (o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (p) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

### (q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### (r) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

### (s) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

The Group engages in selling of consumer products and agri-products to customers. Sales are recognised when control of the products has been transferred, being when the products are picked up by customers at their designated port after inspection, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location.

A receivable is recognised when the products are picked up by customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group also provides stock-broking and securities dealing services. Such revenue is recognised on a trade date basis when the relevant transactions are executed.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (t) Employee benefits

#### (i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### (ii) Retirement benefits schemes

The Group contributes to defined contribution retirement plans which are available for eligible employees in the PRC and Hong Kong.

Pursuant to the relevant laws and regulations in the PRC, the Group has joined defined contribution retirement schemes for the employees arranged by local government labour and security authorities (the "PRC Retirement Schemes"). The Group makes contributions to the PRC Retirement Schemes at the applicable rates based on the amounts stipulated by the local government organisations. Upon retirement, the local government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees.

The Group operates a Mandatory Provident Fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for employees employed under the jurisdiction of Hong Kong Employment Ordinance (Chapter 57 of the laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and the employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000.

The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds. During the years ended 30 June 2024 and 2023, the Group had no forfeited contributions under the PRC Retirement Scheme and MPF Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 30 June 2024 and 2023 under the PRC Retirement Scheme and MPF Scheme which may be used by the Group to reduce the contribution payable in future years.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offsetted as a deemed employee contribution towards the LSP obligation in term of HKAS 19 paragraph 93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

#### (iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

### (u) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (v) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

### (w) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends either to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (x) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

Value in use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for CGUs are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### (y) Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost, trade and other receivables, pledged bank deposits and bank and cash balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables arising from trading and cash client receivables arising from dealing in securities. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For trade receivables from margin clients in which arising from margin financing and all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the trade receivables from margin clients and financial instrument have not increased significantly since initial recognition, the Group measures the loss allowance for them at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (y) Impairment of financial assets (Continued)

#### *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due (except for trade receivables from dealing in securities and margin financing which the Group holds the trading shares as collaterals), unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default,
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (y) Impairment of financial assets (Continued)

##### *Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- probable bankruptcy entered, breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

##### *Write-off policy*

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are long-aged past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (y) Impairment of financial assets (Continued)

#### *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

### (z) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

### (aa) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements apart from those involving estimations, which are dealt with below.

(a) *Operation of agricultural activities*

The Group entered into subcontracting and management agreements for establishment and subsequent maintenance of its fruit trees cultivation and plantation. The directors considered that the Group has been engaging into agricultural activities as the Group has exercised its control on the cultivation development and process although the maintenance work is assigned to subcontractors. Therefore, the Group recognised and measured the biological assets in accordance with HKAS 41 "Agriculture".

(b) *Significant increase in credit risk*

As explained in note 4(y), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

#### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) *Impairment of non-financial assets*

In determining whether a non-financial asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the non-financial asset value; (2) whether the carrying value of a non-financial asset can be supported by the recoverable amount of the CGU to which the non-financial asset has been allocated, in the case of value in use of the CGU, the net present value of future cash flows expected to arise from the CGU which are estimated based upon the continued use of the non-financial asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The carrying amounts of the non-financial assets within fast moving consumer goods ("FMCG") trading business CGU and agri-products business CGUs at the end of the reporting period were approximately HK\$348,243,000 (2023: HK\$390,767,000) and HK\$350,018,000 (2023: HK\$495,660,000) respectively after impairment losses. Impairment loss of HK\$112,840,000 (2023: HK\$Nil) was recognised to the non-financial assets within agri-products business CGUs during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

### Key sources of estimation uncertainty (Continued)

(b) *Fixed assets and depreciation*

The Group determines the estimated useful lives and related depreciation charges for the Group's fixed assets. This estimate is based on the historical experience of the actual useful lives of fixed assets of similar nature and functions. The Group will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of fixed assets as at 30 June 2024 was approximately HK\$182,034,000 (2023: HK\$207,485,000).

(c) *Income taxes*

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, income tax of approximately HK\$240,000 (2023: HK\$133,000) was credited to profit or loss based on the estimated profit.

(d) *Deferred taxes*

As at 30 June 2024, a deferred tax asset of approximately HK\$5,063,000 (2023: HK\$5,240,000) in relation to unused tax losses for an operating subsidiary has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of approximately HK\$115,298,000 (2023: HK\$123,431,000) for certain subsidiaries due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

(e) *Impairment of trade receivables and deposits and other receivables*

The Group uses practical expedient in estimating ECL on trade receivables except for trade receivables from margin clients using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The management of the Group estimates the amount of impairment loss for ECL on trade receivables from margin clients in which arising from margin financing based on credit quality of clients, the collateral to margin receivables balance ratio, amount of shortfall of margin clients and pledged marketable securities and estimates the amount of impairment loss for ECL on deposits and other receivables based on the duration of receivables, the financial health and collection history of individual debtors and expected future change of credit risks, including the consideration of factors such as general economy measure, changes in macroeconomic indicators etc.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and deposits and other receivables are disclosed in note 6(b).

As at 30 June 2024, the carrying amounts of trade receivables and deposits and other receivables were approximately HK\$195,343,000 and HK\$101,180,000 respectively, net of accumulated impairment losses of approximately HK\$31,671,000 and HK\$11,754,000 respectively (2023: HK\$202,298,000 and HK\$96,366,000 respectively, net of accumulated impairment losses of approximately HK\$25,881,000 and HK\$23,790,000 respectively).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

#### Key sources of estimation uncertainty (Continued)

(f) *Allowance for slow-moving inventories*

Allowance for slow-moving inventories is made based on the aging and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. No allowance for slow-moving inventories was made for the year ended 30 June 2024 (2023: HK\$Nil).

(g) *Fair value of buildings*

The Group appointed an independent professional valuer to assess the fair value of buildings. In determining the fair value of buildings, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their best estimation and judgements and are satisfied that the method of valuation and inputs used are reflective of its fair value and current market conditions.

The carrying amount of the buildings as at 30 June 2024 was approximately HK\$81,283,000 (2023: HK\$87,810,000).

(h) *Fair value of unlisted debt investments at FVTPL*

The Group appointed independent professional valuer to assess the fair value of the unlisted debt investments at FVTPL. In determining the fair value, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their best estimation and judgements and are satisfied that the method of valuation and inputs used are reflective of its fair value and current market conditions.

The carrying amount of the unlisted debt investments at FVTPL as at 30 June 2024 was approximately HK\$69,035,000 (2023: HK\$63,153,000).

(i) *Bearer plants and depreciation*

The Group determines the estimated point of maturity, useful lives, residual values and related depreciation charges for the Group's bearer plants. This estimate is based on the historical experience of the point of maturity, actual useful lives and residual values of bearer plants of particular species. The Group will revise the depreciation charge where point of maturity, useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of bearer plants as at 30 June 2024 was approximately HK\$50,045,000 (2023: HK\$89,473,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 6. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments at 30 June

	2024 HK\$'000	2023 HK\$'000
<b>Financial assets:</b>		
Financial assets at FVTPL:		
Mandatorily measured at FVTPL-held for trading		
– Listed equity securities	3,669	4,877
– Unlisted equity securities	–	351
– Unlisted debt investments	69,035	63,153
Financial assets measured at amortised cost	<b>381,315</b>	439,876
<b>Financial liabilities:</b>		
Financial liabilities at amortised cost	<b>64,639</b>	83,041

### (b) Financial risk management

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk, interest rate risk and business risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### (i) Foreign currency risk

The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are principally denominated in currencies other than the functional currency of the principal operating entities of the Group, such as United States dollars ("USD") and Renminbi ("RMB"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2024 HK\$'000	2023 HK\$'000
<b>Assets</b>		
RMB	22,749	21,127
USD	<b>31,107</b>	39,384
<b>Liabilities</b>		
RMB	634	43
USD	<b>53,431</b>	54,219

Monetary assets and monetary liabilities denominated in USD have no material foreign currency risk exposure as HK\$ is pegged with USD. At 30 June 2024, if HK\$ had weakened/strengthened 1% (2023: 8%) against RMB with all other variables held constant, consolidated loss after tax for the year ended 30 June 2024 would have been approximately HK\$221,000 (2023: HK\$1,687,000) lower/higher, arising mainly as a result of the foreign exchange gain/loss on bank balances and deposits and other receivables denominated in RMB.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 6. FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Financial risk management (Continued)

##### (ii) Price risk

The Group's equity investments classified as financial assets at FVTPL are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles.

If the prices of the Group's listed equity securities had been 10% higher/lower with all other variables held constant, consolidated loss after tax for the year ended 30 June 2024 would be decreased/increased by approximately HK\$367,000 (2023: HK\$488,000) as a result of changes in fair value of investments.

##### (iii) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and deposits and other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

##### *Trade receivables arising from trading and cash client receivables arising from dealing in securities*

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30–210 days (2023: 30–210 days) from the date of billing (except for cash client receivables arising from dealing in securities). Debtors with balances that are more than 3–6 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers (except for collaterals obtained from customers for securities dealing business).

The Group has concentration of credit risk as 5% (2023: 5%) and 22% (2023: 22%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the FMCG trading business segment and agri-products business segment (2023: FMCG trading business segment). In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

The Group measures loss allowances for trade receivables except for trade receivables from margin clients at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 6. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (Continued)

#### (iii) Credit risk (Continued)

Trade receivables arising from trading and cash client receivables arising from dealing in securities  
(Continued)

The following table provides information about the Group's exposure to credit risk and ECL for trade receivables arising from trading and cash client receivables arising from dealing in securities as at 30 June:

	2024					Total loss allowance HK\$'000
	ECL rate %	Gross carrying amount excluding specific trade receivables HK\$'000	ECL excluding specific trade receivables HK\$'000	Gross carrying amount of specific trade receivables HK\$'000	Loss allowance for specific trade receivables HK\$'000	
<b>Securities dealing segment</b>						
Current (not past due)	0%	-	-	-	-	-
1-30 days past due	0%	-	-	-	-	-
31-90 days past due	0%	-	-	-	-	-
91-180 days past due	0%	-	-	-	-	-
More than 180 days past due	0%	-	-	5,850	(5,850)	(5,850)
		-	-	5,850	(5,850)	(5,850)
<b>Other segments</b>						
Current (not past due)	1%	174,316	(903)	795	(795)	(1,698)
1-30 days past due	4%	2,736	(120)	1,492	(1,492)	(1,612)
31-60 days past due	4%	918	(41)	-	-	(41)
61-90 days past due	8%	496	(42)	-	-	(42)
More than 90 days past due	33%	1,139	(381)	2,926	(2,926)	(3,307)
		179,605	(1,487)	5,213	(5,213)	(6,700)
Total		179,605	(1,487)	11,063	(11,063)	(12,550)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 6. FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Financial risk management (Continued)

##### (iii) Credit risk (Continued)

Trade receivables arising from trading and cash client receivables arising from dealing in securities  
(Continued)

	ECL rate %	2023				
		Gross carrying amount excluding specific trade receivables HK\$'000	ECL excluding specific trade receivables HK\$'000	Gross carrying amount of specific trade receivables HK\$'000	Loss allowance for specific trade receivables HK\$'000	Total loss allowance HK\$'000
<b>Securities dealing segment</b>						
Current (not past due)	0%	96	-	-	-	-
1-30 days past due	0%	-	-	-	-	-
31-90 days past due	0%	-	-	-	-	-
91-180 days past due	0%	-	-	-	-	-
More than 180 days past due	4%	1,008	(44)	5,795	(5,795)	(5,839)
		<u>1,104</u>	<u>(44)</u>	<u>5,795</u>	<u>(5,795)</u>	<u>(5,839)</u>
<b>Other segments</b>						
Current (not past due)	2%	181,570	(4,438)	-	-	(4,438)
1-30 days past due	5%	5,245	(253)	-	-	(253)
31-60 days past due	7%	493	(35)	-	-	(35)
61-90 days past due	100%	4	(4)	-	-	(4)
More than 90 days past due	0%	7	-	-	-	-
		<u>187,319</u>	<u>(4,730)</u>	<u>-</u>	<u>-</u>	<u>(4,730)</u>
Total		<u>188,423</u>	<u>(4,774)</u>	<u>5,795</u>	<u>(5,795)</u>	<u>(10,569)</u>

Expected loss rates are based on actual loss experience over the past 4 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

##### Margin client receivables arising from margin financing

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. The pledged securities collateral are mainly listed equity securities in Hong Kong and is monitored on an ongoing basis.

The collateral for covering the credit risk exposure in case of default is subject to mark-to-market monitoring on a daily basis. Default, margin call and forced liquidation procedures are in place for margin clients. To manage the credit risk exposure, when the level of securities collateral in proportion to the outstanding balance ("collateral ratio") due from the margin client has reached alarming level, the Group will demand the margin clients to deposit additional money or securities to maintain their margin accounts, or to sell their securities collateral to reduce the exposure.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 6. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (Continued)

#### (iii) Credit risk (Continued)

##### Margin client receivables arising from margin financing (Continued)

For margin client receivables arising from margin financing, the management considered that the probability of default for margin client receivables is highly correlated with the collateral value rather than the past due days.

Such receivables are considered to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that receivables have occurred which include significant financial difficulty of the debtors; collateral ratio of the relevant trade receivables exceeding the Group's tolerable level; significant decrease in the value of the collateral and failure to top up shortfall upon margin call of the Group. Receivables are written off when there is no reasonable expectation of recovering the contractual cash flows.

Impairment losses were provided for margin client receivables for which there were significant increase in credit risk since initial recognition and they were mainly due from (i) those margin clients whose collateral ratio reached alarming level or even exceeded the Group's tolerable level; and (ii) those margin clients without any securities collateral after forced liquidation action taken by the Group.

Movement in the loss allowance for margin client receivables arising from margin financing during the year is as follows:

	12-month ECL HK\$'000	Lifetime ECL		Total HK\$'000
		Not credit- impaired HK\$'000	Credit- impaired HK\$'000	
At 1 July 2022	–	–	12,203	12,203
Impairment loss recognised for the year	–	–	3,109	3,109
At 30 June 2023 and 1 July 2023	–	–	15,312	15,312
Impairment loss recognised for the year	–	–	3,809	3,809
<b>At 30 June 2024</b>	<b>–</b>	<b>–</b>	<b>19,121</b>	<b>19,121</b>
<b>Gross carrying amount:</b>				
<b>Trade receivables as at 30 June 2024</b>	<b>–</b>	<b>–</b>	<b>36,346</b>	<b>36,346</b>
Trade receivables as at 30 June 2023	14,868	–	19,093	33,961

The Group has pledged securities as collateral amounted to approximately HK\$17,225,000 as at 30 June 2024 (2023: HK\$3,781,000) in respect of the credit-impaired trade receivables from margin clients.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 6. FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Financial risk management (Continued)

##### (iii) Credit risk (Continued)

Reconciliation of impairment loss on trade receivables:

	2024 HK\$'000	2023 HK\$'000
At 1 July	25,881	22,403
Impairment loss recognised for the year (note 12)	9,860	3,485
Amounts written off during the year	(525)	–
Reversal for the year (note 12)	(3,545)	(7)
	<u>31,671</u>	<u>25,881</u>

The significant changes in the gross carrying amounts of trade receivables contributed to the increase in the loss allowance of approximately HK\$9,860,000 during the year due to increase in credit-impaired trade receivables.

##### Deposits and other receivables

Movement in the loss allowance for deposits and other receivables, during the year is as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 July	23,790	33,431
Reversal for the year (note 12)	(49)	(674)
Amounts written off during the year	(486)	–
Amounts written off in deregistration of subsidiaries	(11,544)	(7,889)
Exchange differences	43	(1,078)
	<u>11,754</u>	<u>23,790</u>

##### Financial assets at amortised cost

All of the Group's other financial assets at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12-month expected losses. Other instruments are considered to be low credit risk when they have a low of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

##### (iv) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturity at the end of the reporting period of the Group's non-derivative financial liabilities based on undiscounted cash flows and the earliest dates on which the Group can be required to pay. The table includes both interest and principal cash flows.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 6. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (Continued)

#### (iv) Liquidity risk (Continued)

Specifically, for borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

	On demand HK\$'000	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000
<b>At 30 June 2024</b>						
Trade payables	-	55,601	-	-	-	55,601
Accruals and other payables	-	8,891	-	-	-	8,891
Borrowings subject to a repayment on demand clause	147	-	-	-	-	147
Lease liabilities	-	893	934	1,479	5,134	8,440
	<u>147</u>	<u>65,385</u>	<u>934</u>	<u>1,479</u>	<u>5,134</u>	<u>73,079</u>
	On demand HK\$'000	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000
<b>At 30 June 2023</b>						
Trade payables	-	64,106	-	-	-	64,106
Accruals and other payables	-	8,475	-	-	-	8,475
Borrowings subject to a repayment on demand clause	10,460	-	-	-	-	10,460
Lease liabilities	-	1,794	900	2,435	5,178	10,307
	<u>10,460</u>	<u>74,375</u>	<u>900</u>	<u>2,435</u>	<u>5,178</u>	<u>93,348</u>

The table that follows summarises the maturity analysis of borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Less than 1 year HK\$'000
<b>At 30 June 2024</b>	<b>147</b>
At 30 June 2023	<u>10,503</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 6. FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Financial risk management (Continued)

##### (v) Interest rate risk

The Group's exposure to interest rate risk arises from its margin client receivables, bank deposits, pledged bank deposits and borrowings. These margin client receivables, deposits and borrowings bear interests at fixed interest rates and variable rates varied with the then prevailing market condition.

The Group's fixed deposits bear interests at fixed interest rates and therefore are subject to fair value interest rate risk.

The directors of the Company consider the Group's exposure to interest rate risk on fixed deposits is not significant.

The Group's cash flow interest rate risk primarily relates to variable-rate margin client receivables, deposits and borrowings.

The sensitivity analysis below has been determined based on the exposure to interest rate risk on its variable-rate margin client receivables, deposits and borrowings at the end of the reporting period and prepared assuming the amount of margin client receivables, deposits and borrowings outstanding at the end of each reporting period was outstanding for the whole year.

If interest rate had been 1% higher/lower with all other variables held constant, the consolidated loss after tax for the year ended 30 June 2024 would be decreased/increased by approximately HK\$190,000 (2023: HK\$114,000), arising mainly as a result of higher interest income on margin client receivables.

The Group currently does not have any interest rate hedging policy in relation to interest rate risk. The directors of the Company monitor the Group's exposure in ongoing basis and will consider hedging interest rate risk should the need arise.

##### (vi) Business risk

The Group is exposed to risks arising from fluctuations in the prices of agri-products which are determined by constantly changing market forces of supply and demand, and other factors. The other factors include environmental regulations, climate changes, other natural forces and diseases. The Group has little or no control over these conditions and factors.

##### (vii) Fair value measurements

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 6. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (Continued)

(vii) Fair value measurements (Continued)

(a) Disclosures of level in fair value hierarchy at 30 June:

Description	Fair value measurements using:			Total 2024 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<b>Recurring fair value measurements:</b>				
Financial assets at FVTPL				
– Listed equity securities in Hong Kong	3,669	–	–	3,669
– Unlisted debt investments in Hong Kong	–	–	69,035	69,035
Buildings				
Commercial and industrial – the PRC	–	–	81,283	81,283
<b>Total recurring fair value measurements</b>	<b>3,669</b>	<b>–</b>	<b>150,318</b>	<b>153,987</b>

Description	Fair value measurements using:			Total 2023 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 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
<b>Total recurring fair value measurements</b>	<b>4,877</b>	<b>–</b>	<b>151,314</b>	<b>156,191</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 6. FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Financial risk management (Continued)

(vii) Fair value measurements (Continued)

(b) Reconciliation of assets measured at fair value based on Level 3:

Description	Financial assets at FVTPL – Unlisted equity securities outside Hong Kong HK\$'000	Financial assets at FVTPL – Unlisted debt investments in Hong Kong HK\$'000	Buildings Commercial and industrial – the PRC HK\$'000	Total HK\$'000
At 1 July 2023	351	63,153	87,810	151,314
Total gains or losses recognised in profit or loss				
– Fair value gain/(loss) on financial assets at FVTPL	(351)	5,882	–	5,531
– Depreciation	–	–	(2,890)	(2,890)
Total gains or losses recognised in other comprehensive income				
– Fair value change on revaluation of buildings	–	–	(2,973)	(2,973)
– Exchange differences on translating foreign operations	–	–	(664)	(664)
At 30 June 2024	<u>–</u>	<u>69,035</u>	<u>81,283</u>	<u>150,318</u>
Include gains or losses for assets held at end of reporting period	<u>(351)</u>	<u>5,882</u>	<u>(2,890)</u>	<u>2,641</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 6. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (Continued)

#### (vii) Fair value measurements (Continued)

#### (b) Reconciliation of assets measured at fair value based on Level 3: (Continued)

Description	Financial assets at FVTPL – Unlisted equity securities outside Hong Kong HK\$'000	Financial assets at FVTPL – Unlisted debt investments in Hong Kong HK\$'000	Financial assets at FVTOCI – Unlisted debt investments in Hong Kong HK\$'000	Buildings Commercial and industrial – the PRC HK\$'000	Total HK\$'000
At 1 July 2022	9,922	72,378	23,585	99,298	205,183
Redemption	-	-	(25,500)	-	(25,500)
Total gains or losses recognised in profit or loss					
– Fair value loss on financial assets at FVTPL	(9,571)	(9,225)	-	-	(18,796)
– Depreciation	-	-	-	(3,020)	(3,020)
Total gains or losses recognised in other comprehensive income					
– Release of reserve upon redemption of financial assets at FVTOCI	-	-	1,915	-	1,915
– Fair value change on revaluation of buildings	-	-	-	(912)	(912)
– Exchange differences on translating foreign operations	-	-	-	(7,556)	(7,556)
At 30 June 2023	<u>351</u>	<u>63,153</u>	<u>-</u>	<u>87,810</u>	<u>151,314</u>
Include gains or losses for assets held at end of reporting period	<u>(9,571)</u>	<u>(9,225)</u>	<u>-</u>	<u>(3,020)</u>	<u>(21,816)</u>

The total gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in other gains and income and administrative expenses (2023: administrative expenses and other operating expenses) in the consolidated statement of profit or loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 6. FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Financial risk management (Continued)

##### (vii) Fair value measurements (Continued)

##### (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June:

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including Level 3 fair value measurements. The chief financial officer reports directly to the board of directors (the "Board") for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board at least twice a year.

For Level 3 fair value measurements, the Group normally engages independent professional valuers with the recognised professional qualifications and recent experience to perform the valuations.

#### Level 3 fair value measurements

Description	Valuation technique	Key unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value	
					2024 HK\$'000	2023 HK\$'000
Buildings Commercial and industrial – the PRC	Depreciated replacement cost	Discount rate	39.22% (2023: 37.16%)	Decrease	81,283	87,810
		Replacement cost (per s.q.m)	RMB2,753 to RMB7,900 (2023: RMB2,852 to RMB8,184)	Increase		
Unlisted equity securities outside Hong Kong classified as financial assets at FVTPL	Market approach	Discount for lack of marketability	N/A (2023: 15.7%)	Decrease	-	351
Unlisted debt investments in Hong Kong classified as financial assets at FVTPL	Binomial Option Pricing Model	Expected volatilities	169.345% (2023: 76.500%)	Increase	69,035	63,153
		Discount rate	26.596% (2023: 18.825%)	Decrease		

During the two years, there were no changes in the valuation techniques used.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 7. REVENUE

### Disaggregation of revenue

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

	2024 HK\$'000	2023 HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
– Sales of consumer goods	266,463	273,726
– Sales of agri-products	172,500	163,635
– Commission and brokerage income on securities dealings	607	947
	<u>439,570</u>	<u>438,308</u>
<b>Revenue from other sources</b>		
– Interest income from margin financing	2,381	2,292
	<u>441,951</u>	<u>440,600</u>

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 year ended 30 June 2024			
	Consumer goods HK\$'000	Agri- products HK\$'000	Securities dealing services HK\$'000	Total HK\$'000
<b>Primary geographical markets</b>				
Hong Kong	–	50,860	607	51,467
PRC except Hong Kong	266,463	121,640	–	388,103
	<u>266,463</u>	<u>172,500</u>	<u>607</u>	<u>439,570</u>
Revenue from external customers	<u>266,463</u>	<u>172,500</u>	<u>607</u>	<u>439,570</u>
<b>Timing of revenue recognition</b>				
Products and services transferred at a point in time	<u>266,463</u>	<u>172,500</u>	<u>607</u>	<u>439,570</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 7. REVENUE (CONTINUED)

#### Disaggregation of revenue (Continued)

	For the year ended 30 June 2023			Total HK\$'000
	Consumer goods HK\$'000	Agri- products HK\$'000	Securities dealing services HK\$'000	
<b>Primary geographical markets</b>				
Hong Kong	–	44,043	947	44,990
PRC except Hong Kong	273,726	119,592	–	393,318
Revenue from external customers	<u>273,726</u>	<u>163,635</u>	<u>947</u>	<u>438,308</u>
<b>Timing of revenue recognition</b>				
Products and services transferred at a point in time	<u>273,726</u>	<u>163,635</u>	<u>947</u>	<u>438,308</u>

### 8. OTHER GAINS AND INCOME

	2024 HK\$'000	2023 HK\$'000
Dividend income from listed equity securities	6	6
Fair value gain on financial assets at FVTPL, net	4,323	–
Gain on deregistration of subsidiaries	911	–
Gain on disposal of a subsidiary	10	–
Gain on disposal of fixed assets	18	–
Gain on early termination of leases	–	46
Government grants (note)	–	1,384
Interest income on bank deposits	2,273	2,562
Interest income on financial assets at FVTPL	4,338	4,338
Interest income on financial assets at FVTOCI	–	179
Sundry income	392	1,558
	<u>12,271</u>	<u>10,073</u>

Note:

During the year ended 30 June 2023, the Group recognised government grants of approximately HK\$413,000, which relate to Employment Support Scheme provided by the Hong Kong government and government grants of approximately HK\$971,000 provided by the Macau government, in respect of COVID-19 related subsidies. The Group had complied all attached conditions before 30 June 2023.

### 9. 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 identified two reportable 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").

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 9. SEGMENT INFORMATION (CONTINUED)

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 note 4 to the consolidated financial statements. Segment loss does not include gain or loss from investments, certain other gains and income, certain finance costs, gain or loss on deregistration of subsidiaries, gain on disposal of a subsidiary and unallocated corporate expenses. Segment assets do not include investments, certain prepayments, deposits and other receivables, pledged bank deposits and certain bank and cash balances. Segment non-current assets do not include investments, investment in a club membership and certain fixed assets. Segment liabilities do not include certain borrowings, certain accruals and other payables and certain lease liabilities. Segment non-current liabilities do not include certain lease liabilities and certain deferred tax liabilities.

#### Information about reportable segment revenue, loss, assets and liabilities:

	FMCG Trading Business HK\$'000	Agri- Products Business HK\$'000	All other segments HK\$'000	Total HK\$'000
<b>Year ended 30 June 2024</b>				
Revenue from external customers	266,463	172,500	2,988	441,951
Segment loss	(14,137)	(169,072)	(3,113)	(186,322)
Depreciation and amortisation	7,291	32,768	6	40,065
Income tax expense/(credit)	55	55	(460)	(350)
Other material non-cash items:				
Changes in fair value due to biological transformation	-	19,715	-	19,715
Impairment losses/(reversal of impairment losses) on trade receivables and deposits and other receivables, net	3,261	(1,339)	4,344	6,266
Impairment loss on fixed assets	-	55,054	-	55,054
Impairment loss on right-of-use assets	-	10,621	-	10,621
Impairment loss on construction in progress	-	10,297	-	10,297
Impairment loss on bearer plants	-	34,421	-	34,421
Impairment loss on prepayments	-	2,447	-	2,447
Additions to segment non-current assets	9,746	26,358	-	36,104
<b>At 30 June 2024</b>				
Segment assets	348,243	350,018	27,232	725,493
Segment liabilities	35,200	36,154	1,640	72,994

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 9. SEGMENT INFORMATION (CONTINUED)

Information about reportable segment revenue, loss, assets and liabilities: (Continued)

	FMCG Trading Business HK\$'000	Agri- Products Business HK\$'000	All other segments HK\$'000	Total HK\$'000
<b>Year ended 30 June 2023</b>				
Revenue from external customers	273,726	163,635	3,239	440,600
Segment loss	(3,371)	(74,608)	(5,328)	(83,307)
Depreciation and amortisation	1,216	22,944	549	24,709
Income tax expense/(credit)	55	55	(353)	(243)
Other material non-cash items:				
Changes in fair value due to biological transformation	–	41,896	–	41,896
Impairment losses/(reversal of impairment losses) on trade receivables, prepayments and other receivables, net	(674)	–	3,478	2,804
Additions to segment non-current assets	1,845	35,317	140	37,302
<b>At 30 June 2023</b>				
Segment assets	390,767	495,660	36,326	922,753
Segment liabilities	<u>34,708</u>	<u>39,608</u>	<u>8,540</u>	<u>82,856</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 9. SEGMENT INFORMATION (CONTINUED)

### Reconciliations of reportable segment loss, assets and liabilities:

	2024 HK\$'000	2023 HK\$'000
<b>Loss</b>		
Total loss of reportable segments	<b>(186,322)</b>	(83,307)
Fair value gain/(loss) on financial assets at FVTPL, net	<b>4,323</b>	(26,144)
Gain on disposal of a subsidiary	<b>10</b>	–
Gain/(loss) on deregistration of subsidiaries, net	<b>911</b>	(47)
Unallocated amounts:		
Other corporate expenses	<b>(15,370)</b>	(16,098)
Consolidated loss for the year	<b>(196,448)</b>	(125,596)
<b>Assets</b>		
Total assets of reportable segments	<b>725,493</b>	922,753
Unallocated amounts:		
Investments	<b>72,704</b>	68,381
Other corporate assets	<b>71,359</b>	82,375
Consolidated total assets	<b>869,556</b>	1,073,509
<b>Liabilities</b>		
Total liabilities of reportable segments	<b>72,994</b>	82,856
Unallocated amounts:		
Other corporate liabilities	<b>9,671</b>	20,583
Consolidated total liabilities	<b>82,665</b>	103,439

### Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong	<b>53,848</b>	47,282	<b>1,212</b>	2,816
PRC except Hong Kong	<b>388,103</b>	393,318	<b>272,709</b>	406,005
Others	<b>–</b>	–	<b>2,840</b>	468
Consolidated total	<b>441,951</b>	440,600	<b>276,761</b>	409,289

### Revenue from major customer:

For the years ended 30 June 2024 and 2023, the revenue from the Group's largest customer accounted for less than 10% of the Group's total revenue and accordingly, no major customer information is presented.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 10. FINANCE COSTS

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Interest on borrowings	<b>48</b>	150
Interest expenses on lease liabilities	<b>278</b>	400
	<b>326</b>	550

### 11. INCOME TAX CREDIT

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Deferred tax (note 32)	<b>(240)</b>	(133)

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.

The Company's two subsidiaries operating in Macau were subject to Macau Profit Tax at the rate of 12% (2023: 12%) in compliance with relevant Macau tax regulations. The first MOP\$600,000 of assessable profits of these subsidiaries are tax-free and the remaining assessable profits are taxed at 12%.

The provision for income tax of subsidiaries operating in the PRC have been calculated at the rate of 25% (2023: 25%), based on existing legislation, interpretation and practices in respect thereof.

The domestic statutory tax rate of Australia is 30% of the estimated assessable profits.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 11. INCOME TAX CREDIT (CONTINUED)

The reconciliation of the income tax (credit)/expenses and the product of loss before tax multiplied by the statutory tax rate of the countries in which the Company and its subsidiaries are domiciled to the tax expenses at the effective tax rates are as follows:

	2024					2023			
	Macau HK\$'000	Hong Kong HK\$'000	PRC HK\$'000	Australia HK\$'000	Total HK\$'000	Macau HK\$'000	Hong Kong HK\$'000	PRC HK\$'000	Total HK\$'000
Loss before tax	(6,692)	(10,101)	(179,865)	(30)	(196,688)	(4,643)	(39,793)	(81,293)	(125,729)
Applicable income tax rate	12%	16.5%	25%	30%		12%	16.5%	25%	
Tax at the applicable income tax rate	(803)	(1,667)	(44,966)	(9)	(47,445)	(557)	(6,566)	(20,323)	(27,446)
Tax effect of income not taxable	-	(1,120)	(4,110)	-	(5,230)	-	(214)	(3,817)	(4,031)
Tax effect of loss and expenses not deductible	1,183	2,179	47,316	9	50,687	557	5,255	22,108	27,920
Tax effect of unused tax losses not recognised	-	252	1,802	-	2,054	-	890	2,000	2,890
Tax effect of utilisation of tax losses not previously recognised	-	(187)	-	-	(187)	-	-	-	-
Tax effect of unrecognised temporary difference	(380)	83	178	-	(119)	-	282	252	534
Income tax (credit)/expenses	-	(460)	220	-	(240)	-	(353)	220	(133)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 12. LOSS FOR THE YEAR

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

	2024 HK\$'000	2023 HK\$'000
Amortisation of other intangible assets (note 21)	5,460	–
Auditors' remuneration		
Audit services	2,582	2,608
Non-audit services	–	181
	<b>2,582</b>	2,789
Cost of inventories sold	<b>399,070</b>	408,195
Depreciation on fixed assets, net of amount capitalised (note 16)	<b>20,772</b>	17,005
Depreciation on right-of-use assets, net of amount capitalised (note 17)	<b>16,396</b>	10,295
Exchange losses, net	<b>106</b>	1,026
Fair value (gain)/loss on financial assets at FVTPL, net	<b>(4,323)</b>	26,144
(Gain)/loss on deregistration of subsidiaries, net	<b>(911)</b>	47
(Gain)/loss on disposal of fixed assets, net	<b>(18)</b>	1
Impairment losses on non-financial assets		
Impairment loss on fixed assets (note 16)	55,054	–
Impairment loss on right-of-use assets (note 17)	10,621	–
Impairment loss on construction in progress (note 18)	10,297	–
Impairment loss on bearer plants (note 19)	34,421	–
Impairment loss on prepayments	2,447	–
	<b>112,840</b>	–
Impairment loss on trade receivables (note 6(b))	<b>9,860</b>	3,485
Reversal of impairment loss on trade receivables (note 6(b))	<b>(3,545)</b>	(7)
Reversal of impairment loss on other receivables (note 6(b))	<b>(49)</b>	(674)
Fixed assets written off	–	358
Intangible assets written off	<b>374</b>	–
Rental income <sup>#</sup>	<b>(977)</b>	(724)
Staff costs (excluding directors' emoluments — note 13)		
Staff salaries, bonus and allowances	20,285	21,482
Retirement benefits scheme contributions	453	522
	<b>20,738</b>	22,004

<sup>#</sup> Included in sales of agri-products in note 7

### 13. BENEFITS AND INTERESTS OF DIRECTORS

#### (a) Directors' emoluments

The emoluments of directors of the Company for the year, disclosed pursuant to the Listing Rules and the Companies Ordinance, were as follows:

	2024 HK\$'000	2023 HK\$'000
Fees	450	450
Other emoluments:		
Salaries, allowances and benefits in kind	5,067	6,163
Discretionary bonus	302	302
Retirement benefits scheme contributions	35	35
	<b>5,854</b>	6,950

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 13. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

### (a) Directors' emoluments (Continued)

The emoluments of individual director for the year were as follows:

#### (i) Independent non-executive directors

The fees paid/payable to independent non-executive directors were as follows:

	2024 HK\$'000	2023 HK\$'000
<b>Fees</b>		
Mr. Poon Yiu Cheung Newman	150	150
Ms. Mak Yun Chu	150	150
Mr. Hung Hing Man	150	150
	<u>450</u>	<u>450</u>

#### (ii) Executive directors

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Retirement benefits scheme contributions HK\$'000	Total emoluments HK\$'000
<b>2024</b>					
Mr. Lam Kwok Hing	–	2,836	236	–	3,072
Ms. Lee Choi Lin Joecy	–	795	66	17	878
Ms. Gao Qin Jian	–	956	–	–	956
Mr. Chan Cheuk Yu Stephen	–	480	–	18	498
Mr. Mok Tsan San	–	–	–	–	–
	<u>–</u>	<u>5,067</u>	<u>302</u>	<u>35</u>	<u>5,404</u>
<b>2023</b>					
Mr. Lam Kwok Hing	–	2,836	236	–	3,072
Ms. Lee Choi Lin Joecy	–	795	66	17	878
Ms. Gao Qin Jian	–	972	–	–	972
Mr. Chan Cheuk Yu Stephen	–	1,560	–	18	1,578
Mr. Mok Tsan San	–	–	–	–	–
	<u>–</u>	<u>6,163</u>	<u>302</u>	<u>35</u>	<u>6,500</u>

Mr. Lam Kwok Hing is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as chief executive.

Mr. Mok Tsan San has agreed to waive his director's emolument of HK\$98,710 as being the executive director of the Company during the year (2023: HK\$1,161,290 from 13 July 2022 to 30 June 2023).

The above emoluments are covered by respective service contracts of each of the directors. Save for Mr. Mok Tsan San, there was no arrangement under which a director waived or agreed to waive any emolument during the year (2023: HK\$Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 13. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

#### (a) Directors' emoluments (Continued)

The five highest paid individuals in the Group during the year included two (2023: two) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining three (2023: three) individuals are set out below:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	4,138	4,112
Discretionary bonus	341	347
Retirement benefits scheme contributions	54	54
	<u>4,533</u>	<u>4,513</u>

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	2	2
	<u>2</u>	<u>2</u>

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office (2023: HK\$Nil).

#### (b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### 14. DIVIDENDS

The Board does not recommend the payment of a final dividend in respect of the year ended 30 June 2024 (2023: HK\$Nil).

### 15. 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 year attributable to owners of the Company of approximately HK\$196,448,000 (2023: HK\$125,596,000) and the weighted average number of ordinary shares of 112,809,468 (2023: 106,529,670 (restated)) in issue during the year after adjusting the effect of share consolidation (note 34(a)(i)) in December 2023 and the effect of the rights issue (note 34(b)) in May 2024. The basic loss per share for 2023 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 years ended 30 June 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 16. FIXED ASSETS

	Buildings HK\$'000	Farmland infrastructure HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, office equipment and motor vehicles HK\$'000	Total HK\$'000
<b>Cost or valuation</b>						
At 1 July 2022	99,298	430,290	31,540	105,694	30,209	697,031
Additions	-	-	3,221	1,014	1,900	6,135
Disposals	-	-	-	(111)	(1,852)	(1,963)
Transfer from construction in progress	-	33,959	-	25,603	-	59,562
Written off	-	-	(4,374)	(290)	(11)	(4,675)
Adjustment on revaluation	(3,932)	-	-	-	-	(3,932)
Exchange differences	(7,556)	-	(803)	(1,718)	(874)	(10,951)
At 30 June 2023 and 1 July 2023	87,810	464,249	29,584	130,192	29,372	741,207
Additions	-	-	-	9	188	197
Disposals	-	-	-	(27)	(192)	(219)
Disposal of a subsidiary	-	-	-	-	(1)	(1)
Transfer from construction in progress	-	53,937	-	-	-	53,937
Adjustment on revaluation	(5,863)	-	-	-	-	(5,863)
Exchange differences	(664)	-	(146)	(188)	(87)	(1,085)
At 30 June 2024	81,283	518,186	29,438	129,986	29,280	788,173
<b>Accumulated depreciation and impairment</b>						
At 1 July 2022	-	341,965	30,844	105,568	29,979	508,356
Depreciation charge for the year	3,020	29,604	783	4,018	269	37,694
Disposals	-	-	-	(41)	(1,739)	(1,780)
Written off	-	-	(4,016)	(290)	(11)	(4,317)
Adjustment on revaluation	(3,020)	-	-	-	-	(3,020)
Exchange differences	-	-	(667)	(1,678)	(866)	(3,211)
At 30 June 2023 and 1 July 2023	-	371,569	26,944	107,577	27,632	533,722
Depreciation charge for the year	2,890	11,521	610	5,335	438	20,794
Disposals	-	-	-	(25)	(192)	(217)
Disposal of a subsidiary	-	-	-	-	(1)	(1)
Impairment loss (note 12)	-	55,054	-	-	-	55,054
Adjustment on revaluation	(2,890)	-	-	-	-	(2,890)
Exchange differences	-	-	(64)	(173)	(86)	(323)
At 30 June 2024	-	438,144	27,490	112,714	27,791	606,139
<b>Carrying amount</b>						
<b>At 30 June 2024</b>	<b>81,283</b>	<b>80,042</b>	<b>1,948</b>	<b>17,272</b>	<b>1,489</b>	<b>182,034</b>
At 30 June 2023	87,810	92,680	2,640	22,615	1,740	207,485



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 16. FIXED ASSETS (CONTINUED)

The analysis of the cost or valuation of fixed assets is as follows:

	Buildings HK\$'000	Farmland infrastructure HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, office equipment and motor vehicles HK\$'000	Total HK\$'000
<b>At 30 June 2024</b>						
At cost	-	518,186	29,438	129,986	29,280	706,890
At valuation	81,283	-	-	-	-	81,283
	<u>81,283</u>	<u>518,186</u>	<u>29,438</u>	<u>129,986</u>	<u>29,280</u>	<u>788,173</u>
<b>At 30 June 2023</b>						
At cost	-	464,249	29,584	130,192	29,372	653,397
At valuation	87,810	-	-	-	-	87,810
	<u>87,810</u>	<u>464,249</u>	<u>29,584</u>	<u>130,192</u>	<u>29,372</u>	<u>741,207</u>

The Group's buildings included above are held under medium term leases in the PRC.

Depreciation charge for the year is analysed as follows:

	2024 HK\$'000	2023 HK\$'000
Charged to profit or loss (note 12)	20,772	17,005
Capitalised as biological assets (note 25)	22	20,689
	<u>20,794</u>	<u>37,694</u>

The Group's buildings were revalued as at 30 June 2024 by using the depreciated replacement cost basis by Hong Kong Appraisal Advisory Limited, a firm of independent professional valuers.

At 30 June 2024, the carrying amount of the Group's buildings would have been approximately HK\$61,669,000 (2023: HK\$64,463,000) had they been stated at cost less accumulated depreciation.

During the year ended 30 June 2024, the Group incurred segment losses in Agri-Products Business segment due to the bleak global economic outlook, subdued market demand and inclement weather condition inflicting on the upstream farming business in Jiangxi. Impairment losses were recognised against the non-financial assets included in the CGUs of Agri-Products Business segment, including fixed assets, right-of-use assets, construction in progress, bearer plants, and prepayments amounted to HK\$55,054,000, HK\$10,621,000, HK\$10,297,000, HK\$34,421,000 and HK\$2,447,000 respectively. The recoverable amounts of the CGUs were determined based on their value in use, assessed using discounted cash flow method. The pre-tax discount rate used in the estimate of value in use of the CGUs was 10.45%.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 17. RIGHT-OF-USE ASSETS

	Leasehold lands HK\$'000	Leased properties HK\$'000	Total HK\$'000
At 1 July 2022	38,895	7,818	46,713
Additions	7,588	2,771	10,359
Depreciation	(11,744)	(3,251)	(14,995)
Early termination of leases	–	(650)	(650)
Exchange differences	–	(345)	(345)
	<hr/>	<hr/>	<hr/>
At 30 June 2023 and 1 July 2023	34,739	6,343	41,082
Additions	7,446	10,285	17,731
Depreciation	(13,297)	(8,984)	(22,281)
Impairment loss (note 12)	(10,621)	–	(10,621)
Exchange differences	–	(130)	(130)
	<hr/>	<hr/>	<hr/>
<b>At 30 June 2024</b>	<b>18,267</b>	<b>7,514</b>	<b>25,781</b>

Lease liabilities of approximately HK\$5,850,000 (2023: HK\$7,309,000) are recognised with related right-of-use assets of approximately HK\$7,631,000 (2023: HK\$5,979,000) as at 30 June 2024. The lease agreements do not impose any covenants other than the rental deposits in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2024 HK\$'000	2023 HK\$'000
Depreciation expenses on right-of-use assets (charged to profit or loss) (note 12)	<b>16,396</b>	10,295
Depreciation expenses on right-of-use assets (capitalised as biological assets) (note 25)	<b>5,885</b>	4,700
Interest expense on lease liabilities (included in cost of sales and finance costs)	<b>391</b>	473
Expenses relating to short-term leases (included in selling and distribution expenses and administrative expenses)	<b>1,616</b>	1,689
	<hr/> <hr/>	<hr/> <hr/>

Details of total cash outflow for leases is set out in note 38(c).

For both years, the Group leases offices, warehouses, and farmlands for its operations. Lease contracts are entered into for fixed term of 1 to 20 years (2023: 6 months to 20 years), but may have termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has termination options in a number of leases for farmlands. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of termination options held are exercisable only by the Group and not by the respective lessors.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 17. RIGHT-OF-USE ASSETS (CONTINUED)

The Group assesses at lease commencement date whether it is reasonably certain not to exercise the termination option in a number of leases for farmlands in Jiangxi. The potential exposures to these future lease payments for termination options in which the Group is not reasonably certain not to exercise is summarised below:

	Lease liabilities recognised (discounted)		Potential future lease payments not included in lease liabilities (undiscounted)	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Farmlands — PRC	—	—	—	15,164

In addition, the Group reassesses whether it is reasonably certain not to exercise a termination option in a number of leases for farmlands in Jiangxi, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 30 June 2024, there has been no such triggering event.

For the details of impairment loss recognised during the year, refer to note 16.

### 18. CONSTRUCTION IN PROGRESS

	HK\$'000
At 1 July 2022	107,986
Additions	21,875
Transfer to fixed assets	(59,562)
	<hr/>
At 30 June 2023 and 1 July 2023	70,299
Additions	8,906
Transfer to fixed assets	(53,937)
Impairment loss (note 12)	(10,297)
	<hr/>
<b>At 30 June 2024</b>	<b>14,971</b>
	<hr/> <hr/>

For the details of impairment loss recognised during the year, refer to note 16.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 19. BEARER PLANTS

	<b>Fruit trees HK\$'000</b>	
<b>Infant trees</b>		
<b>Cost</b>		
At 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024	—	
<b>Mature trees</b>		
<b>Cost</b>		
At 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024	130,160	
<b>Accumulated depreciation and impairment</b>		
At 1 July 2022	35,680	
Charge for the year	5,007	
At 30 June 2023 and 1 July 2023	40,687	
Charge for the year	5,007	
Impairment loss (note 12)	34,421	
At 30 June 2024	80,115	
<b>Total carrying amount</b>		
<b>At 30 June 2024</b>	<b>50,045</b>	
At 30 June 2023	89,473	
The quantity of fruit trees owned by the Group at the end of the reporting period is shown below:		
	<b>2024</b>	2023
Mature trees	<b>286,600</b>	286,600

For the details of impairment loss recognised during the year, refer to note 16.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 20. GOODWILL

	HK\$'000
<b>Cost</b>	
At 1 July 2022	133,049
Deregistration of a subsidiary	<u>(47,108)</u>
At 30 June 2023 and 1 July 2023	85,941
Written off	<u>(19,083)</u>
At 30 June 2024	<u>66,858</u>
<b>Accumulated impairment</b>	
At 1 July 2022	133,049
Deregistration of a subsidiary	<u>(47,108)</u>
At 30 June 2023 and 1 July 2023	85,941
Written off	<u>(19,083)</u>
At 30 June 2024	<u>66,858</u>
<b>Carrying amount</b>	
<b>At 30 June 2024</b>	<u><u>-</u></u>
At 30 June 2023	<u><u>-</u></u>

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the CGUs as follows:

	<b>Allocated goodwill HK\$'000</b>	<b>2024 Accumulated impairment HK\$'000</b>	<b>Net carrying amount HK\$'000</b>
Provision of securities dealing services ("Securities Dealing CGU")	<b>1,493</b>	<b>(1,493)</b>	-
Cultivation and distribution of agri-products business ("Agri CGU")	<b>65,365</b>	<b>(65,365)</b>	-
	<b><u>66,858</u></b>	<b><u>(66,858)</u></b>	<b>-</b>
	Allocated goodwill HK\$'000	2023 Accumulated impairment HK\$'000	Net carrying amount HK\$'000
Securities Dealing CGU	1,493	(1,493)	-
Agri CGU	65,365	(65,365)	-
Tourist retailing of jewellery products business ("Jewellery CGU")	19,083	(19,083)	-
	<b><u>85,941</u></b>	<b><u>(85,941)</u></b>	<b>-</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 20. GOODWILL (CONTINUED)

During the year ended 30 June 2024, management of the Group wrote off the cost of goodwill of approximately HK\$19,083,000 with accumulated impairment loss of approximately HK\$19,083,000 included in Jewellery CGU by considering the Group had ceased the CGU's operations.

### 21. OTHER INTANGIBLE ASSETS

	The Stock Exchange trading right HK\$'000	Money lender license HK\$'000	Distribution rights HK\$'000	Total HK\$'000
<b>Cost</b>				
At 1 July 2022	8,300	374	109,834	118,508
Expiration of distribution rights	–	–	(40,170)	(40,170)
At 30 June 2023 and 1 July 2023	8,300	374	69,664	78,338
Additions	–	–	9,282	9,282
Expiration	–	–	(9,750)	(9,750)
Written off	–	(374)	–	(374)
<b>At 30 June 2024</b>	<b>8,300</b>	<b>–</b>	<b>69,196</b>	<b>77,496</b>
<b>Accumulated amortisation and impairment</b>				
At 1 July 2022	8,300	–	109,834	118,134
Expiration of distribution rights	–	–	(40,170)	(40,170)
At 30 June 2023 and 1 July 2023	8,300	–	69,664	77,964
Amortisation for the year (note 12)	–	–	5,460	5,460
Expiration	–	–	(9,750)	(9,750)
<b>At 30 June 2024</b>	<b>8,300</b>	<b>–</b>	<b>65,374</b>	<b>73,674</b>
<b>Carrying amount</b>				
<b>At 30 June 2024</b>	<b>–</b>	<b>–</b>	<b>3,822</b>	<b>3,822</b>
At 30 June 2023	–	374	–	374

The Group's money lender license of approximately HK\$374,000 as of 30 June 2023, was assessed to have an indefinite useful life. It was subsequently written off prior to the disposal of a subsidiary during the year.

The distribution rights included above have finite useful lives, over which the assets are amortised.

The Group acquired rights for distribution of certain packaged food, beverages and fresh fruit products in the PRC. The carrying amount of distribution rights at 30 June 2024 is HK\$3,822,000 (2023: HK\$Nil). The average remaining amortisation period for these distribution rights was 1.2 years (2023: Nil). The amortisation for the year ended 30 June 2024 was included in selling and distribution expenses of approximately HK\$5,460,000 (2023: HK\$Nil).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 22. OTHER ASSETS

	2024 HK\$'000	2023 HK\$'000
Prepayment for pack houses facilities	–	468
Other deposits	<u>205</u>	<u>205</u>
	<u>205</u>	<u>673</u>

### 23. INVESTMENT IN A CLUB MEMBERSHIP

The Group's club membership of HK\$108,000 (2023: HK\$108,000) at 30 June 2024 is assessed as having indefinite useful life because there is no time limit that the Group can enjoy the services provided by that club.

### 24. INVESTMENTS

	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>		
Financial assets at FVTPL		
– unlisted debt investments in Hong Kong	69,035	63,153
– unlisted equity securities outside Hong Kong	–	351
	<u>69,035</u>	<u>63,504</u>
	2024 HK\$'000	2023 HK\$'000
<b>Current assets</b>		
Financial assets at FVTPL		
– listed equity securities in Hong Kong	3,669	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 are mandatorily measured at FVTPL 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:

	2024 HK\$'000	2023 HK\$'000
HK\$	72,704	68,030
USD	–	351
	<u>72,704</u>	<u>68,381</u>

At 30 June 2024, the financial assets at FVTPL of approximately HK\$3,549,000 (2023: HK\$145,000) have been pledged to a bank to secure the banking facilities granted to the Group (note 39).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 25. BIOLOGICAL ASSETS

	HK\$'000
At 1 July 2022	23,626
Increase due to cultivation	50,990
Changes in fair value due to biological transformation (note (a))	(41,896)
Transfer of harvested fresh fruit bunches to inventories	(14,139)
Exchange differences	(703)
	<hr/>
At 30 June 2023 and 1 July 2023	17,878
Increase due to cultivation	29,413
Changes in fair value due to biological transformation (note (a))	(19,715)
Transfer of harvested fresh fruit bunches to inventories	(15,412)
Exchange differences	(68)
	<hr/>
<b>At 30 June 2024</b>	<b><u><u>12,096</u></u></b>

Notes:

- (a) During the year, the Group harvested approximately 8,118,000 (2023: 7,173,000) catties of fruits. The directors measured the fair value less costs to sell of fruits at harvest based on market prices as at or close to the harvest dates.
- (b) Cultivation costs incurred as addition to the biological assets. All fruits are harvested annually from September to February. After the harvest, plantation works commenced again on the farmland. The directors considered that there was no active market for the fruits before harvest at the end of the reporting period. The present value of expected cash flows was not considered as a reliable measure of their fair value due to the need for, and use of, subjective assumptions including weather condition, natural disaster and effectiveness of agricultural chemicals. As such, the directors considered that the fair value of biological assets at the end of the reporting period could not be measured reliably and no reliable alternative estimates existed to determine fair value. Therefore, biological assets continued to be stated at cost as at 30 June 2024 and 2023.
- (c) The carrying value of biological assets as at 30 June 2024 and 2023 represented cultivation costs incurred including fertilisers, pesticides, labour, depreciation of right-of-use assets, depreciation of fixed assets, depreciation of bearer plants and sub-contracting raising cost.

Included in increase due to cultivation to the Group's biological assets are mainly fertilisers, depreciation of fixed assets, depreciation of bearer plants, depreciation of right-of-use assets and sub-contracting raising cost of approximately HK\$8,468,000, (2023: HK\$9,757,000), HK\$22,000 (2023: HK\$20,689,000), HK\$5,007,000 (2023: HK\$5,007,000), HK\$5,885,000 (2023: HK\$4,700,000) and HK\$3,484,000 (2023: HK\$3,652,000) respectively.

Physical measurement of biological assets at 30 June is approximately as follows:

	<b>Citrus trees (Chinese Mu)</b>
<b>2024</b>	<b><u><u>5,000</u></u></b>
2023	<u><u>5,000</u></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 25. BIOLOGICAL ASSETS (CONTINUED)

The quantity and amount of agricultural produce harvested measured at fair value less costs to sell during the year were approximately as follows:

	2024	2023
<b>Quantity</b>		
Citrus (catty '000)	<u>8,118</u>	<u>7,173</u>
	<b>HK\$'000</b>	HK\$'000
<b>Amount</b>		
Citrus	<u>15,412</u>	<u>14,139</u>

The Group is exposed to a number of risks related to its citrus tree plantations:

#### Regulatory and environmental risks

The Group is subject to laws and regulations in the PRC where it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

#### Supply and demand risk

The Group is exposed to risks arising from fluctuations in the prices and sales volumes of fruits. When possible the Group will manage this risk by aligning its harvest volumes to market supply and demand. Management performs regular industry trend analysis to ensure that the Group's pricing structure will be in line with the market and to ensure that projected harvest volumes will be consistent with the expected demand.

#### Climate and other risks

The Group's plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

The fruit plantation business requires a high level of cash flow before fruit can be harvested and sold. The Group actively manages the working capital requirements and has secured sufficient credit facilities to meet the cash flow requirements.

### 26. INVENTORIES

	2024	2023
	HK\$'000	HK\$'000
Raw materials	19	28
Packing materials	333	333
Finished goods	<u>97,459</u>	<u>104,956</u>
	<u>97,811</u>	<u>105,317</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 27. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables arising from		
Trading (note (a))	<b>184,818</b>	187,319
Dealing in securities and margin financing		
– Cash clients (note (b))	<b>5,850</b>	6,899
– Margin clients (note (c))	<b>36,346</b>	33,961
	<b>227,014</b>	228,179
Impairment loss on trade receivables	<b>(31,671)</b>	(25,881)
	<b>195,343</b>	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 (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:

	2024 HK\$'000	2023 HK\$'000
1–30 days	<b>43,322</b>	49,961
31–60 days	<b>30,177</b>	34,573
61–90 days	<b>29,673</b>	27,436
Over 90 days	<b>74,946</b>	70,619
	<b>178,118</b>	182,589

At 30 June 2024, trade receivables arising from trading of approximately HK\$4,705,000 (2023: HK\$5,457,000) were past due but not impaired. The Group does not hold any collateral over these balances. These relate to a number of independent customers for whom there is no recent history of default. The amounts had been settled subsequent to the reporting period. The aging analysis of these trade receivables is as follows:

	2024 HK\$'000	2023 HK\$'000
Up to 90 days	<b>3,947</b>	5,450
Over 90 days	<b>758</b>	7
	<b>4,705</b>	5,457

As at 30 June 2024, trade receivables arising from trading are unsecured and interest-free.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 27. TRADE RECEIVABLES (CONTINUED)

Notes: (Continued)

- (b) At 30 June 2023, cash client receivables arising from dealing in securities which were neither past due nor impaired of approximately HK\$96,000 represented unsettled client trades on various securities exchanges transacted on the last two business days prior to the end of the reporting year. Such cash client receivable was considered as past due when the client fails to settle its securities trading balances on the settlement date. At 30 June 2024, cash client receivables of approximately HK\$5,850,000 (2023: HK\$6,803,000) were past due. Approximately HK\$5,850,000 (2023: HK\$5,839,000) was impaired for which net impairment loss of approximately HK\$536,000 (2023: HK\$369,000) was recognised during the year. 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 30 June 2024, cash client receivables from dealing in securities past due are unsecured and bear interest of 9.25% per annum (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 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 30 June 2024, margin client receivables arising from margin financing are interest-bearing at rates ranging from 6% to 8% per annum (2023: 6% to 8% per annum).

As at 30 June 2024, the total market value of securities pledged as collateral in respect the margin loans to customers are approximately HK\$17,225,000 (2023: HK\$28,243,000).

### 28. PLEDGED BANK DEPOSITS, CLIENT TRUST BANK BALANCES AND BANK AND CASH BALANCES

The Group's pledged bank deposits at 30 June 2024 represented deposits pledged to a bank to secure banking facilities granted to the Group (note 39). These deposits are subject to regulatory restrictions and are therefore not available for general use by the Group.

At 30 June 2024, the bank and cash balances of the Group denominated in RMB and kept in the PRC amounted to approximately HK\$33,904,000 (2023: HK\$52,892,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

The Group maintains trust and segregated accounts with authorised financial institutions to hold clients' monies arising from normal courses of dealing in securities business. The Group is not allowed to use clients' monies to settle its own obligations.

At 30 June 2024, the bank and cash balances of the Group included time deposits with original maturity over three months of approximately HK\$13,390,000 (2023: HK\$941,000), which are not included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 29. TRADE PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables arising from		
Trading	55,336	57,097
Dealing in securities		
— Cash clients	265	6,919
— Clearing house	—	90
	<u>55,601</u>	<u>64,106</u>

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 year. 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:

	2024 HK\$'000	2023 HK\$'000
1–30 days	17,730	35,403
31–60 days	18,243	20,790
61–90 days	9,538	904
Over 90 days	9,825	—
	<u>55,336</u>	<u>57,097</u>

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\$265,000 (2023: HK\$7,199,000).

## 30. BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Bank loans, secured (note 39)	<u>147</u>	<u>10,460</u>

The borrowings are repayable on demand or within one year.

The carrying amounts of the Group's borrowings are denominated in HK\$.

The range of effective interest rates at 30 June was as follows:

	2024	2023
Bank loans	<u>6.45%</u> per annum	<u>6.06% to 6.85%</u> per annum

The bank loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 31. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Within one year	893	1,794	760	1,622
More than one year, but not exceeding two years	934	900	842	767
More than two years, but not more than five years	1,479	2,435	1,420	2,282
More than five years	5,134	5,178	2,828	2,638
	<u>8,440</u>	<u>10,307</u>	<u>5,850</u>	<u>7,309</u>
Less: Future finance charges	(2,590)	(2,998)	N/A	N/A
Present value of lease obligations	<u>5,850</u>	<u>7,309</u>	<u>5,850</u>	<u>7,309</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)			<u>(760)</u>	<u>(1,622)</u>
Amount due for settlement after 12 months			<u>5,090</u>	<u>5,687</u>

The weighted average incremental borrowing rates applied to lease liabilities range from 5.03% to 8.09% (2023: from 1.95% to 8.09%).

The carrying amounts of the Group's lease liabilities are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
HK\$	–	948
RMB	<u>5,850</u>	<u>6,361</u>
	<u>5,850</u>	<u>7,309</u>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 32. DEFERRED TAX

The following are the major deferred tax assets and liabilities recognised by the Group.

### Deferred tax liabilities

	Revaluation of buildings and accelerated tax depreciation HK\$'000	Fair value difference of other intangible assets HK\$'000	Total HK\$'000
At 1 July 2022	12,021	1,287	13,308
Charge to profit or loss for the year (note 11)	220	–	220
Credit to other comprehensive income for the year	(228)	–	(228)
Exchange differences	(933)	–	(933)
	<hr/>	<hr/>	<hr/>
At 30 June 2023 and 1 July 2023	11,080	1,287	12,367
Charge to profit or loss for the year (note 11)	220	–	220
Credit to other comprehensive income for the year	(743)	–	(743)
Exchange differences	(88)	–	(88)
	<hr/>	<hr/>	<hr/>
<b>At 30 June 2024</b>	<b>10,469</b>	<b>1,287</b>	<b>11,756</b>

### Deferred tax assets

	Doubtful debts HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 July 2022	3,371	5,009	8,380
Credit to profit or loss for the year (note 11)	122	231	353
	<hr/>	<hr/>	<hr/>
At 30 June 2023 and 1 July 2023	3,493	5,240	8,733
Credit/(charge) to profit or loss for the year (note 11)	637	(177)	460
	<hr/>	<hr/>	<hr/>
<b>At 30 June 2024</b>	<b>4,130</b>	<b>5,063</b>	<b>9,193</b>

At the end of the reporting period, the following deductible temporary differences have not been recognised as deferred tax asset:

	2024 HK\$'000	2023 HK\$'000
Right-of-use assets	22,674	22,870
Decelerated tax depreciation	3,750	3,739
Unused tax losses	115,298	123,431
	<hr/>	<hr/>
	<b>141,722</b>	150,040

Deferred tax asset has not been recognised in respect of the above deductible temporary differences due to the unpredictability of future profit streams. The tax losses are subject to approval of tax bureau. Included in unrecognised tax losses are losses of approximately HK\$32,652,000 (2023: HK\$35,806,000) that will expire in five years. Other tax losses may be carried forward indefinitely.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 33. RETIREMENT BENEFIT OBLIGATIONS

#### Obligation to pay LSP under Hong Kong Employment Ordinance (Chapter 57)

Hong Kong employees that have been employed continuously for at least five years are entitled to long service payments in accordance with the Hong Kong Employment Ordinance under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at HK\$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme, with an overall cap of \$390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligation.

In June 2022, the Government gazetted the Amendment Ordinance, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date and the years of service up to that date.

The Group has determined that the Amendment Ordinance has no material impact on the Group's LSP liability as at 30 June 2024 and 2023 with respect to Hong Kong employees that participate in MPF Scheme.

### 34. SHARE CAPITAL

	Note	Nominal value per ordinary share	Number of ordinary shares	Amount HK\$'000
Authorised:				
At 1 July 2022 and 30 June 2023		HK\$0.1	10,000,000,000	1,000,000
Share consolidation	(a)		(9,500,000,000)	–
Share sub-division	(a)	HK\$2	500,000,000	1,000,000
			99,500,000,000	–
<b>At 30 June 2024</b>		<b>HK\$0.01</b>	<b>100,000,000,000</b>	<b>1,000,000</b>
Issued and fully paid:				
At 1 July 2022 and 30 June 2023			2,101,407,182	210,141
Share consolidation	(a)		(1,996,336,823)	–
Capital reduction	(a)		(57)	(209,090)
Rights issue	(b)		52,535,151	525
<b>At 30 June 2024</b>			<b>157,605,453</b>	<b>1,576</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 34. SHARE CAPITAL (CONTINUED)

Notes:

- (a) On 6 March 2024, the Company completed a capital reorganisation (the “Capital Reorganisation”) involving the share consolidation (the “Share Consolidation”), the capital reduction (the “Capital Reduction”) and the share sub-division (the “Share Sub-division”). The Capital Reorganisation was approved at the extraordinary general meeting held on 22 December 2023. Details of which are as follows:
- (i) **Share Consolidation**  
Every twenty issued and unissued shares of HK\$0.10 each were consolidated into one consolidated share of HK\$2 each (“Consolidated Shares”) with effective on 28 December 2023.
  - (ii) **Capital Reduction**  
After the Share Consolidation became effective, the fractional Consolidated Shares in the issued share capital of the Company resulting from the Share Consolidation were cancelled. The par value of each issued Consolidated Share was reduced from HK\$2 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$1.99 on each issued Consolidated Share and the credit resulting from capital reduction of approximately HK\$209,090,000 was offset against the accumulated losses of the Company on 6 March 2024.
  - (iii) **Share Sub-division**  
Immediately upon the Capital Reduction became effective, every unissued Consolidated Share of HK\$2 each in the authorised share capital of the Company was sub-divided into two hundred new shares of HK\$0.01 each on 6 March 2024.
- (b) On 24 May 2024, 52,535,151 ordinary shares of HK\$0.01 each of the Company were issued at HK\$0.35 per share by way of rights issue. The gross proceeds of approximately HK\$18,387,000 are intended for the Group’s business development. The excess of the consideration received over the nominal value of the share issued, net of expenses, amounting to approximately HK\$16,984,000, was credited to the share premium account.

### Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 30 June 2024 and 2023.

The only externally imposed capital requirement for the Company to maintain its listing status on the Stock Exchange is that it has to have a public float of at least 25% of the shares. The Company receives a report from the share registrars on substantial share interests and it demonstrates continuing compliance with the 25% limit throughout the year. As at 30 June 2024, over 25% (2023: over 25%) of the shares were in public hands.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK\$'000	2023 HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	–	–
Investments in subsidiaries	<u>728,940</u>	<u>911,780</u>
	<b>728,940</b>	<b>911,780</b>
<b>Current assets</b>		
Prepayments	179	105
Due from a subsidiary	72,958	99,722
Bank and cash balances	<u>17,422</u>	<u>14,682</u>
	<b>90,559</b>	<b>114,509</b>
<b>TOTAL ASSETS</b>	<b>819,499</b>	<b>1,026,289</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	1,576	210,141
Reserves	<u>816,445</u>	<u>814,939</u>
<b>Total equity</b>	<b>818,021</b>	<b>1,025,080</b>
<b>Current liabilities</b>		
Accruals and other payables	<u>1,478</u>	<u>1,209</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>819,499</b>	<b>1,026,289</b>

Approved by the Board of Directors on 27 September 2024 and are signed on its behalf by:

**LAM Kwok Hing**  
Chairman

**CHAN Cheuk Yu Stephen**  
Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 36. RESERVES

### (a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity.

### (b) Company

	Share premium account HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2022	2,439,015	(1,448,724)	990,291
Loss for the year	–	(175,352)	(175,352)
At 30 June 2023	2,439,015	(1,624,076)	814,939
At 1 July 2023	<b>2,439,015</b>	<b>(1,624,076)</b>	<b>814,939</b>
Loss for the year	–	<b>(224,568)</b>	<b>(224,568)</b>
Capital reduction	–	<b>209,090</b>	<b>209,090</b>
Rights issue	<b>16,984</b>	–	<b>16,984</b>
<b>At 30 June 2024</b>	<b><u>2,455,999</u></b>	<b><u>(1,639,554)</u></b>	<b><u>816,445</u></b>

### (c) Nature and purpose of reserves

(i) *Share premium account*

The share premium account of the Group includes: (i) the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the Group Reorganisation on 3 December 2001 over the nominal value of the share capital of the Company issued in exchange; (ii) the premium arising from the capitalisation issue of shares in prior years; and (iii) the premium arising from the issue of new shares in current and prior years.

(ii) *Legal reserve*

Legal reserve represented reserve retained in accordance with the Article 377 of the Macao Commercial Code for the entities incorporated in Macao.

(iii) *Foreign currency translation reserve*

Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 4(d) to the consolidated financial statements.

(iv) *Property revaluation reserve*

Property revaluation reserve has been set up and is dealt with in accordance with the accounting policy adopted for buildings in note 4(e) to the consolidated financial statements.

(v) *FVTOCI reserve*

The FVTOCI reserve comprises the cumulative net change in the fair value of financial assets at FVTOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(m) to the consolidated financial statements.

(vi) *Special reserve*

The special reserve of the Group comprises the excess of the fair value of consideration payable for the acquisition of additional interest in a subsidiary over the decrease in the carrying value of the NCI.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 37. SHARE-BASED PAYMENTS

### Equity-settled share option scheme

The Company operates a share option scheme adopted on 21 December 2018 (the “SO Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Unless otherwise cancelled or amended, the SO Scheme will remain in force for 10 years from that date and the remaining life of the SO Scheme was approximately 4 years at the date of this report. Eligible participants of the SO Scheme include the Company’s directors (including non-executive and independent non-executive directors), other employees of the Group, consultants or advisers of the Group, suppliers of goods or services to the Group, customers of the Group, and other groups or classes of participants as determined by the directors.

As at 1 July 2023 (restated), 30 June 2024 and the date of this report, the total number of shares available for issue under the SO Scheme was 9,363,480 shares, which represented approximately 5.2% of the issued shares of the Company at the date of this report. The maximum number of shares which may be issued upon exercise of all options to be granted under the SO Scheme is equivalent to 10% of the shares of the Company in issue at the date of approval of the SO Scheme, unless a fresh approval is obtained from the shareholders in general meeting. The maximum number of shares issued and to be issued upon exercise of share options to each eligible participant within any 12-month period is limited to 1% of the shares of the Company in issue at the time of grant. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by all of the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at the time of grant and with an aggregate value (based on the closing price of the Company’s shares at the date of the grant) in excess of HK\$5 million, within 12-month period, are subject to shareholders’ approval in a general meeting.

The Board may determine the exercise price of the share options provided that the exercise price so fixed shall be at least the highest of the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; the average of the closing prices of the shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant; and the nominal value of the shares of the Company. The Board may in its absolute discretion specify such conditions as it thinks fit when granting an option to an eligible participant (including, without limitation, as to any minimum period an option must have been held or the minimum period of service or relationship with any member of the Group to be achieved before an option can be exercised (or any part thereof), to the extent of the option which can be exercised at any material time, or any performance criteria which must be satisfied by the eligible participant, the Company, and its subsidiaries, before an option may be exercised).

The offer of a grant of share options may be accepted within 10 business days from the date of the offer, upon payment by the grantee of a nominal option price as determined by the Board. The exercise period of the share options granted is determined by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of acceptance of the share options.

During the years ended 30 June 2024 and 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 SO Scheme at 30 June 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Disposal of a subsidiary

On 22 November 2023, the Group disposed 100% of the issued share capital of a subsidiary, at a consideration of HK\$15,000.

Net assets at the date of disposal were as follows:

	HK\$'000
Bank and cash balances and net assets disposed of	5
Gain on disposal	10
	<u>15</u>
Total consideration	<u>15</u>
Consideration satisfied by:	
Cash	<u>15</u>
Net cash inflow arising on disposal:	
Cash consideration received	15
Cash and cash equivalents disposed of	(5)
	<u>10</u>

### (b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 July 2023 HK\$'000	Foreign exchange translation HK\$'000	Cash flows HK\$'000	Interest expenses HK\$'000	30 June 2024 HK\$'000		
Borrowings (note 30)	10,460	–	(10,361)	48	147		
Lease liabilities (note 31)	7,309	(160)	(1,577)	278	5,850		
	<u>17,769</u>	<u>(160)</u>	<u>(11,938)</u>	<u>326</u>	<u>5,997</u>		
	1 July 2022 HK\$'000	New lease entered/lease modification HK\$'000	Early termination of leases HK\$'000	Foreign exchange translation HK\$'000	Cash flows HK\$'000	Interest expenses HK\$'000	30 June 2023 HK\$'000
Borrowings (note 30)	12,585	–	–	–	(2,275)	150	10,460
Lease liabilities (note 31)	10,728	139	(696)	(578)	(2,684)	400	7,309
	<u>23,313</u>	<u>139</u>	<u>(696)</u>	<u>(578)</u>	<u>(4,959)</u>	<u>550</u>	<u>17,769</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

#### (c) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2024 HK\$'000	2023 HK\$'000
Within operating cash flows	2,007	2,162
Within investing cash flows	17,731	10,220
Within financing cash flows	1,299	2,284
	<u>21,037</u>	<u>14,666</u>

These amounts relate to the following:

	2024 HK\$'000	2023 HK\$'000
Lease rental paid	3,306	4,446
Payments for right-of-use assets	17,731	10,220
	<u>21,037</u>	<u>14,666</u>

### 39. BANKING FACILITIES

At 30 June 2024 and 2023, the Group's banking facilities in respect of term loans and other trade finance facilities were secured by pledged bank deposits (note 28), corporate guarantees executed by the Company and certain subsidiaries of the Company and a charge over the Group's financial assets at FVTPL (note 24).

### 40. CONTINGENT LIABILITIES

At 30 June 2024, the Group did not have any significant contingent liabilities (2023: HK\$Nil).

### 41. COMMITMENTS

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

	2024 HK\$'000	2023 HK\$'000
Contracted but not provided for		
– Fixed assets	–	6,472
– Construction in progress	–	6,440
	<u>–</u>	<u>12,912</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 42. OPERATING LEASE ARRANGEMENTS

### The Group as lessee

The Group regularly entered into short-term leases for office premises in Hong Kong, Macau and the PRC. As at 30 June 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 17.

### The Group as lessor

Minimum lease payments receivable on leases are as follows:

	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Within one year	<b>160</b>	162

## 43. RELATED PARTY TRANSACTIONS

### Key management personnel remuneration

The remuneration of directors and other members of key management during the year was as follows:

	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Short-term benefits	<b>10,298</b>	11,374
Post-employment benefits	<b>89</b>	89
	<b>10,387</b>	11,463

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 44. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 30 June 2024 are as follows:

Name	Place of incorporation/ registration and operations	Issued/ paid-up capital	Percentage of ownership interest/voting power/profit sharing	Principal activities
Golden Harvest (Macao Commercial Offshore) Limited	Macau	MOP100,000	100%	Sourcing and distribution of fresh produce products
Golden Sector Agro-Development Limited	Hong Kong	Ordinary HK\$10,000	100%	Trading of fresh produce products
Heng Tai Finance Limited	Hong Kong	Ordinary HK\$10,000	100%	Investment holding and provision of treasury services
Heng Yui (Macao) Commercial Offshore Limited	Macau	MOP100,000	100%	Distribution of packaged food, beverages and household consumable products
New Sino International Ltd.	British Virgin Islands ("BVI")	Ordinary USD10,000	100%	Operator of overseas packing houses and PRC distribution depots
Simming Light Investment Ltd.	BVI	Ordinary USD10,000	100%	Investment holding in agri-business
Sino Wealth Securities Limited	Hong Kong	Ordinary HK\$100,000,000	100%	Provision of securities brokerage and margin financing services
Sui Tai & Associates Limited	Hong Kong	Ordinary HK\$10,000	100%	Provision of administrative services
上海士豐實業有限公司*	PRC	USD10,100,000	100%	Owner and operator of Shanghai logistics centre
中滔(九江)農業發展有限公司*	PRC	HK\$5,000,000	100%	Cultivation of agricultural products and livestock breeding
東莞市金農貿易發展有限公司*	PRC	HK\$6,800,000	100%	Operator of Dongguan food processing centre for agri-products

\* Foreign wholly-owned enterprise.

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 June 2024*

## 45. EVENTS AFTER THE REPORTING PERIOD

### (a) Placing of new shares

On 19 July 2024, the Company entered into a placing agreement with Yuet Sheung International Securities Limited (the “Placing Agent”), pursuant to which the Company had conditionally agreed to place, through the Placing Agent on a best effort basis, a maximum of 21,000,000 placing shares at the placing price of HK\$0.233 per placing share to not less than six places, whose ultimate beneficial owners shall be independent third parties to the Company (the “Placing”).

The Placing was completed on 12 August 2024, with 21,000,000 new shares of the Company issued and allotted at the placing price of HK\$0.233 per placing share. The gross proceeds from the Placing were approximately HK\$4,893,000, with issuance costs of approximately HK\$331,000, resulting in net proceeds of approximately HK\$4,562,000. These shares rank pari passu in all respects with the other shares in issue.

### (b) Subscription of unlisted debt investments

On 19 August 2024, the Group entered into a subscription agreement with the issuer of the unlisted debt investment. Pursuant to the subscription agreement, the Group conditionally agreed to subscribe for the bonds in the principal amount of HK\$72,300,000 (of which HK\$16,800,000 for convertible bonds and HK\$55,500,000 for straight bonds). The consideration for the subscription of the bonds will be set off against the outstanding principal amount of HK\$72,300,000 under the existing convertible bonds, which along with the accrued interest, will become due and payable on 10 October 2024. The aforesaid subscription agreement is subject to the fulfillment of the conditions precedent.

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated results and of the consolidated assets, liabilities and equity of the Group for the last five financial years is set out below:

### RESULTS

	Year ended 30 June				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Loss attributable to:					
Owners of the Company	<b>(196,448)</b>	(125,596)	(216,128)	(247,213)	(318,339)
Non-controlling interests	—	—	6,972	(7)	(11)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Loss for the year	<b><u>(196,448)</u></b>	<b><u>(125,596)</u></b>	<b><u>(209,156)</u></b>	<b><u>(247,220)</u></b>	<b><u>(318,350)</u></b>

### ASSETS, LIABILITIES AND EQUITY

	At 30 June				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Total assets	<b>869,556</b>	1,073,509	1,224,556	1,407,545	1,630,786
Total liabilities	<b>(82,665)</b>	(103,439)	(116,207)	(121,681)	(125,354)
Total non-controlling interests	—	—	41	15,895	15,888
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total equity attributable to owners of the Company	<b><u>786,891</u></b>	<b><u>970,070</u></b>	<b><u>1,108,390</u></b>	<b><u>1,301,759</u></b>	<b><u>1,521,320</u></b>

Note: The results of the Group for the four years ended 30 June 2020, 2021, 2022 and 2023 and the assets, liabilities and equity of the Group as at these dates have been extracted from the audited consolidated financial statements of the Company for the respective years and restated as appropriate. The results of the Group for the year ended 30 June 2024 and the assets, liabilities and equity of the Group as at 30 June 2024 are those set out in page 36 and pages 38 to 39 of the consolidated financial statements respectively.