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LAM SOON (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 411)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2022

	Year ended 30 June		Increase/ (Decrease)
	2022 HK\$'M	2021 HK\$'M	
Revenue	6,107	5,761	6%
Gross profit	1,143	1,284	(11%)
Profit for the year	257	358	(28%)
	HK\$	HK\$	
Basic earnings per share	1.09	1.51	(28%)
Dividend per share:			
Interim	0.15	0.15	0%
Proposed final	0.33	0.33	0%
Total	0.48	0.48	0%
	As at	As at	
	30 June 2022	30 June 2021	
	HK\$'M	HK\$'M	
Total equity	2,959	2,881	3%

The Board of Directors (the “Board”) of Lam Soon (Hong Kong) Limited (the “Company”) is pleased to announce its consolidated results of the Company and its subsidiaries (collectively the “Group”) for the financial year ended 30 June 2022.

FINANCIAL RESULTS

The Group achieved sales growth of 6% to HK\$6,107 million for the financial year ended 30 June 2022 in spite of dampened customer sentiments due to economic uncertainties. The increase was contributed by volume growth, price adjustments, sales mix improvement and the appreciation of the Renminbi. Commodity price hikes led to a decrease in gross profit margin by 4 percentage points to 19%, although a good part of the negative cost impact was mitigated by price adjustments, controls on giveaways and discounts, and sales mix improvement.

Our operating costs came in at 15% of revenue, representing a reduction of 1 percentage point compared to last year. This reduction was achieved despite the steep increase in fuel costs and logistics rates due to numerous pandemic-related supply chain constraints. Profit for the year decreased by 28% to HK\$257 million. Cost reduction programs were continuously implemented to control expenses.

DIVIDENDS

The Directors are recommending a final dividend for the financial year ended 30 June 2022 of HK\$0.33 per share totaling approximately HK\$80,307,000 at the forthcoming Annual General Meeting. In addition to the interim dividend of HK\$0.15 per share paid earlier this year (2021: interim dividend of HK\$0.15 and final dividend of HK\$0.33 per share, total dividend for the whole year amounts to approximately HK\$116,810,000), total dividend for the year amounts to HK\$0.48 per share totaling approximately HK\$116,810,000. Subject to shareholders' approval, the final dividend will be payable on Thursday, 1 December 2022 to the shareholders whose names appear on the register of members on Friday, 18 November 2022.

REVIEW OF OPERATIONS

OVERVIEW

In short, our businesses have been adversely affected during the financial year by the ongoing Covid-19 pandemic and the Russian-Ukraine war. The pandemic-hindered economic recovery in Mainland China and Hong Kong has continued to slow sales growth. The Russian-Ukraine conflict, which started in February 2022, disrupted production and trade of several commodities (including wheat and edible oils ingredients) of which Ukraine was a key exporter in the global markets. The sharp increase in prices came on top of the already tight commodity markets, and strained them even further. The Group applied a lot of effort and focus to mitigate these unprecedented cost impacts by deepening market penetration, and implementing product premiumization and sales mix improvement strategies. Nevertheless, it has been another challenging year.

BUSINESS REVIEW

Food Segment

Revenue from our food segment increased by 7% to HK\$5,284 million whilst profit from operations decreased by 28% to HK\$275 million as wheat costs surged.

We witnessed the ongoing but sporadic outbreaks of Covid-19 pandemic in and around different cities in Mainland China throughout the year. In addition, power restrictions during the past winter season have added a new challenge to our flour production and product supply, as well as affecting demand from our customers. In response to these challenges, the team has kept the business under close review to ensure that we are able to respond to our customers' needs without compromising the quality of the products or the sustainability of our business and operations.

BUSINESS REVIEW *(continued)*

Food Segment *(continued)*

We continue to experience rising logistical costs as the cross-border policy between Mainland China and Hong Kong, and city lockdowns made the supply chain very unstable. We also saw higher raw material costs resulting from various factors, not least the Ukraine war. The team has implemented various cost saving programs to further reduce operating costs and continue to review what can be done in this area. On the sales side, we strengthened our comprehensive distribution coverage, as well as our customer value-added services which form a part of our core business fundamentals. Where considered necessary and practicable, we have also adjusted prices to reflect the higher costs of production in our business.

Despite the need to curtail the impact of the above issues, the team has not lost sight of its strategic business objectives, including to continue transforming the flour business from a commodity-driven ingredient supplier to a value-added business solution and premium bakery solution provider. Our new Specialty Fats Plant in Jintan was established as a vital component in achieving our goal of horizontal integration. As it is now fully commissioned, we are better positioned in offering an enhanced product portfolio offered to our customers. We also aim to deepen the penetration of our distribution channels by leveraging on our existing comprehensive flour distribution infrastructure to increase sales volume and market share.

For two consecutive years, our edible oils business has been adversely impacted by unprecedented increases in raw material costs and channel disruptions. The team has executed prudent spending control strategies to mitigate the impact. To enable more effective and synchronized price increase execution both in terms of timeliness and magnitude, and more importantly, to strive for a healthy and sustainable value-chain foundation based on premium price positioning across all channels, we have restructured the sales organization to optimize the different sales channels. The resulting measures have already shown good indications of pricing and channel balance enhancements.

Due to the impact of the prolonged pandemic and fast-evolving consumer dynamics, market competition intensified in our core Guangdong market, especially in key developed areas such as Shenzhen and Guangzhou. As a consequence, we expedited our regional expansion into less-developed cities, primarily in western and northern Guangdong. We continued to leverage on celebrity endorsement for our key Knife brand through various targeted and strategic media promotions, including outdoor and online advertising, in-store merchandising and packaging design to further uplift its appeal to consumers and achieve premium brand differentiation against competitors.

Our market leadership in Hong Kong retail peanut oil segment was strengthened through well-orchestrated marketing programs and channel management efforts. The launch of the innovative and well-received adjustable bottle cap in the 4th quarter will further enhance our competitive position in the growing small-pack market.

Our Manuka honey distribution business in China ceased on 30 June 2022 upon expiry of the distribution agreement. This business comprised a very small portion of our food segment revenue and had minimal impact to our segmental profit.

BUSINESS REVIEW *(continued)*

Home Care Segment

Our Home Care Division was not immune to the weakening retail environment and continued escalation in raw material costs amid an evolving Covid-19 pandemic situation. Against this background, revenue growth slowed to 2% year-on-year, ending the year at HK\$823 million whilst profit from operations declined 36% year-on-year to HK\$55 million.

During the year, we had to balance between protecting near-term profitability and continued investments in longer-term initiatives. In the more mature Hong Kong market, our premiumization strategy with the AXE Triple Action range continued to bear fruit and helped us solidify our position as one of the market leaders in the dishwashing category. In Mainland China, where competition is more intense and Covid-19 pandemic outbreaks, channel disruptions and shifting of consumer preferences to lower-end products post constant challenges to our business. We have maintained a cautious stance and made tactical adjustments where appropriate. We have begun lifting prices of core products across major channels to mitigate against an inflationary environment which has not shown signs of abating. Sales expansion remains a priority, but we will continue to pace our initiatives and selectively expand in Guangdong province and develop new channels where the returns on investment are justified.

OUTLOOK

Looking ahead, in the near term, our outlook remains one where we will have continued volatility in our business environment. However, over the medium term, we remain cautiously optimistic that the overall business environment will stabilize and improve as markets adjust to new circumstances, and governments continue to modify responses to contain rising inflation and global events.

The volatility in the commodity markets depends heavily on the duration of the Russian-Ukraine conflict and the severity of disruptions to commodity flows. Commodity price fluctuations remain our key business risk. China's economy showed signs of recovery in May 2022 as industrial production rose although consumption was still weak. The geopolitical tensions between China and the US is also set to increase uncertainty.

Cost containment, and continued sustainable sales and operations, are our prevailing challenges and priorities under the current uncertain economic environment. However, we will also not neglect our long-term strategies, and prepare for the "what if" scenarios in order to be ready to capture new opportunities, and grow faster with the potential rebound once the turbulent times are over or become more under control. We understand that challenges are inevitable and are confident that our Group and dedicated staff will not just embrace but adapt and change for the better. We are also clear that our long-term strategic vision and targets remain in place, while we adjust and modify short term plans to protect our business franchise and profits as needed.

Solid progress has been made in building bench strength and process enhancement for the Group over these years. We will carry on the momentum and have also started selected transformation in key digital technology and production areas to support our growth. We will continue to protect our fundamentals and execute our plans to sustain and grow our market share, brand equity, business profitability, employee engagement and stakeholder satisfaction.

FINANCIAL REVIEW

Liquidity and Financial Resources

At 30 June 2022, the Group had a cash balance of HK\$1,541 million (2021: HK\$1,485 million). About 65% of these funds were denominated in Renminbi, 34% in Hong Kong dollars and 1% in other currencies. In addition, the Group invested in fixed income government bonds in Mainland China and equity securities listed in Hong Kong with carrying amounts of HK\$24 million (2021: HK\$68 million) and HK\$94 million (2021: HK\$82 million) respectively as at 30 June 2022.

Banking facilities available to Group companies and not yet drawn as at 30 June 2022 amounted to HK\$659 million (2021: HK\$610 million).

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

At 30 June 2022, the inventory turnover days were 65 days (2021: 72 days). The trade receivable turnover days remained at a stable level of 18 days (2021: 18 days).

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

Foreign Currency Exposure

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

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

Equity Price Exposure

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

FINANCIAL REVIEW *(continued)*

Capital expenditure

During the year ended 30 June 2022, the Group invested a total sum of HK\$108 million (2021: HK\$140 million) on construction of new plant and new production lines in China and acquisition of other plant equipment and intangible assets.

HUMAN RESOURCES

As at 30 June 2022, there were 1,675 employees in the Group. Annual increment and year-end performance bonus mechanism were incorporated in the Group's remuneration policy to retain, reward and motivate individuals for their contributions to the Group. In addition, the Company also operates a share option scheme for granting of options to eligible employees.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2022

	Note	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Revenue	4	6,106,635	5,761,248
Cost of sales		(4,963,246)	(4,476,856)
Gross profit		1,143,389	1,284,392
Other income		40,193	45,966
Selling and distribution expenses		(694,554)	(711,441)
Administrative expenses		(203,301)	(197,881)
Profit from operations		285,727	421,036
Finance costs	5	(296)	(283)
Profit before taxation	5	285,431	420,753
Taxation	6	(28,171)	(63,055)
Profit for the year		257,260	357,698
Earnings per share			
Basic and diluted	8	HK\$1.09	HK\$1.51

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

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

For the year ended 30 June 2022

	<u>2022</u> <i>HK\$'000</i>	<u>2021</u> <i>HK\$'000</i>
Profit for the year	257,260	357,698
Other comprehensive income for the year (net of nil tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss:		
Equity investments at FVOCI – net movement in fair value reserve (non-recycling)	39	(5,079)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	(50,580)	175,805
Other comprehensive income for the year	(50,541)	170,726
Total comprehensive income for the year	206,719	528,424

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	<i>Note</i>	2022	2021
		HK\$'000	HK\$'000
Non-current assets			
Leasehold land and property, plant and equipment		846,003	824,301
Intangible assets and goodwill		5,671	5,199
Other financial assets	9	118,778	82,760
Deferred tax assets		884	672
Other non-current assets		3,841	4,250
		975,177	917,182
Current assets			
Inventories		868,995	849,824
Trade and other receivables	10	415,335	355,390
Other financial assets	9	-	67,669
Cash and short term funds		1,541,454	1,485,477
		2,825,784	2,758,360
Current liabilities			
Trade and other payables	11	745,825	726,111
Contract liabilities		69,492	35,536
Tax payables		9,291	12,772
Lease liabilities		3,177	3,365
		827,785	777,784
Net current assets		1,997,999	1,980,576
Total assets less current liabilities		2,973,176	2,897,758
Non-current liabilities			
Deferred tax liabilities		12,813	15,246
Lease liabilities		1,239	1,847
		14,052	17,093
NET ASSETS		2,959,124	2,880,665
CAPITAL AND RESERVES			
Share capital		672,777	672,777
Reserves		2,286,347	2,207,888
TOTAL EQUITY		2,959,124	2,880,665

Notes:

1. Basis of preparation

The unaudited financial information relating to the year ended 30 June 2022 and the financial information relating to the year ended 30 June 2021 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 30 June 2021, is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The financial statements for the year ended 30 June 2022 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course.

The Company has delivered the consolidated financial statements for the year ended 30 June 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those consolidated financial statements for the year ended 30 June 2021. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

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

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

2. Changes in accounting policies

The HKICPA has issued certain amendments to HKFRSs that are first effective for the current accounting period of the Group.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Segment reporting

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

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

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

(a) Segments results, assets and liabilities

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

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

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

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

	2022			2021		
	Food <i>HK\$'000</i>	Home Care <i>HK\$'000</i>	Segment Total <i>HK\$'000</i>	Food <i>HK\$'000</i>	Home Care <i>HK\$'000</i>	Segment Total <i>HK\$'000</i>
Disaggregated by timing of revenue recognition on point in time						
Revenue from external customers	5,283,560	823,075	6,106,635	4,956,534	804,714	5,761,248
Reportable segment profit from operations	274,857	55,092	329,949	379,159	85,740	464,899
Reportable segment assets	2,781,421	324,578	3,105,999	2,687,394	296,146	2,983,540
Reportable segment liabilities	678,713	149,206	827,919	617,525	148,784	766,309

3. Segment reporting (continued)

(b) Reconciliation of reportable segment profit or loss

	<u>2022</u> <i>HK\$'000</i>	<u>2021</u> <i>HK\$'000</i>
Profit		
Reportable segment profit from operations	329,949	464,899
Unallocated exchange (losses)/ gains	(1,852)	8,085
Unallocated net realised and unrealised gains/(losses) on derivative financial instruments	995	(6,753)
Unallocated interest income on financial assets measured at amortised cost	1,890	2,465
Dividend income	5,262	3,535
Unallocated head office and corporate expenses	(50,517)	(51,195)
Finance costs	(296)	(283)
Consolidated profit before taxation	<u>285,431</u>	<u>420,753</u>

(c) Geographical information

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

	<u>2022</u>			<u>2021</u>		
	Hong Kong and Macau <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Total <i>HK\$'000</i>	Hong Kong and Macau <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	<u>798,991</u>	<u>5,307,644</u>	<u>6,106,635</u>	<u>725,353</u>	<u>5,035,895</u>	<u>5,761,248</u>

4. Revenue

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

	<u>2022</u> <i>HK\$'000</i>	<u>2021</u> <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
- Sales of goods	<u>6,106,635</u>	<u>5,761,248</u>

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

5. Profit before taxation

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

	<u>2022</u> <i>HK\$'000</i>	<u>2021</u> <i>HK\$'000</i>
Finance costs		
Interest on lease liabilities	<u>296</u>	<u>283</u>
Staff costs		
Salaries, wages and other benefits	435,783	416,802
Share-based payment expenses	2,537	-
Contribution to defined contribution retirement plans (<i>note (i)</i>)	<u>37,458</u>	<u>19,316</u>
	<u>475,778</u>	<u>436,118</u>
Depreciation and amortisation		
Leasehold land and property, plant and equipment	65,015	59,672
Intangible assets	<u>962</u>	<u>3,242</u>
	<u>65,977</u>	<u>62,914</u>

5. Profit before taxation (continued)

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

	<u>2022</u> <i>HK\$'000</i>	<u>2021</u> <i>HK\$'000</i>
Other items		
Interest income on financial assets measured at amortised cost	(24,675)	(26,764)
Dividend income (<i>note (ii)</i>)	(5,262)	(3,535)
Net exchange losses/(gains)	2,533	(2,587)
Net (gains)/losses on disposal of property, plant and equipment	(127)	2,608
Loss allowance (reversed)/recognised for trade receivables	(54)	2
Net unrealised loss/(gain) on club membership	93	(43)
Net realised and unrealised (gains)/losses on derivative financial instruments (<i>note (iv)</i>)	(1,228)	6,457
Government grants (<i>note (iii)</i>)	(4,921)	(12,447)

Notes:

- (i) During the year ended 30 June 2021, social security contributions amounted to HK\$13,873,000 were exempted in Mainland China following the government introduced temporary waiver from the payment of social security contributions due to COVID-19 pandemic.
- (ii) The Group recognised dividend income of HK\$5,262,000 (2021: HK\$3,535,000) from the equity securities designated at fair value through other comprehensive income ("FVOCI"), of which HK\$Nil (2021: HK\$125,000) related to investment derecognised during the year and HK\$5,262,000 (2021: HK\$3,410,000) related to investments held at 30 June 2022.
- (iii) During the year ended 30 June 2022, government grants primarily represented one-off government subsidies granted due to COVID-19 pandemic of HK\$2,700,800 (2021: HK\$8,958,000) under the Employment Support Scheme of Hong Kong.
- (iv) The Group entered into various foreign exchange forward contracts to manage its foreign currency risk exposures during the year.

6. Taxation

Taxation in the consolidated statement of profit or loss represents:

	<u>2022</u> <i>HK\$'000</i>	<u>2021</u> <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	3,436	4,087
Over-provision in respect of prior years	(448)	(266)
	<u>2,988</u>	<u>3,821</u>
Current tax - Outside Hong Kong		
Provision for the year	28,298	63,833
(Over)/under-provision in respect of prior years	(473)	344
	<u>27,825</u>	<u>64,177</u>
Deferred tax		
Origination and reversal of temporary differences	(2,642)	(4,943)
	<u>28,171</u>	<u>63,055</u>

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduced the two-tiered profit tax rates regime. The Bill was gazetted on 29 March 2018.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation in Hong Kong for the years of assessment commencing on or after 1 April 2018 will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

All entities engaged in the primary processing of agricultural products in Mainland China are exempted from PRC corporate income tax (“CIT”). As a result, the profits from flour mill operations are exempted from CIT for the years ended 30 June 2022 and 2021.

Other subsidiaries operating in Mainland China are subject to CIT tax rate of 25% (2021: 25%).

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

7. Dividends

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

	<u>2022</u> <i>HK\$'000</i>	<u>2021</u> <i>HK\$'000</i>
Interim dividend declared and paid of HK\$0.15 (2021: HK\$0.15) per ordinary share	35,316	35,493
Final dividend proposed after the end of the reporting period of HK\$0.33 (2021: HK\$0.33) per ordinary share	<u>77,568</u>	<u>77,994</u>
	<u>112,884</u>	<u>113,487</u>

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

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

	<u>2022</u> <i>HK\$'000</i>	<u>2021</u> <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.33 (2021: HK\$0.31) per ordinary share	<u>77,895</u>	<u>73,461</u>

- (c) During the year ended 30 June 2022, dividends declared by the Company which were unclaimed over a period of six years amounting to HK\$1,050,000 (2021: HK\$Nil) were forfeited and transferred to revenue reserve in accordance with the Company's Articles of Association.

8. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year of HK\$257,260,000 (2021: HK\$357,698,000) and the weighted average number of 235,726,000 (2021: 236,875,000) ordinary shares in issue during the year, calculated as follows:

	<u>2022</u> <u>'000</u>	<u>2021</u> <u>'000</u>
Issued ordinary shares at the beginning of year	<u>243,354</u>	<u>243,354</u>
Effect of shares repurchased in prior years	(12,184)	(11,039)
Effect of shares repurchased in current year	<u>(619)</u>	<u>(615)</u>
	<u>(12,803)</u>	<u>(11,654)</u>
Effect of share options exercised in prior years	<u>5,175</u>	<u>5,175</u>
Weighted average number of ordinary shares at the end of year	<u>235,726</u>	<u>236,875</u>

(b) Diluted earnings per share

The diluted earnings per share equalled the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 30 June 2022 and 2021.

9. Other financial assets

	<i>Note</i>	<u>2022</u> <i>HK\$'000</i>	<u>2021</u> <i>HK\$'000</i>
Debt securities measured at amortised cost	<i>(i)</i>	24,023	67,669
Equity securities designated at FVOCI (non-recycling):			
- Equity securities listed in Hong Kong	<i>(ii)</i>	94,033	81,945
Financial assets measured at fair value through profit or loss:			
- Club membership		<u>722</u>	<u>815</u>
		<u>118,778</u>	<u>150,429</u>
Representing:			
- Non-current assets		118,778	82,760
- Current assets		<u>-</u>	<u>67,669</u>
		<u>118,778</u>	<u>150,429</u>

Notes:

- (i) At 30 June 2022, the debt securities are unsecured, bearing fixed interest rates at 2.8% (2021: 2.2% to 3.2%) per annum and will mature in 2024 (2021: mature in 2022).
- (ii) The equity securities designated at FVOCI (non-recycling) include the listed equity securities of companies engaged in banking and finance industry of HK\$70,758,000 (2021: HK\$62,525,000) and telecommunications industry of HK\$23,275,000 (2021: HK\$19,420,000). The Group designated these investments as equity securities at FVOCI (non-recycling), as the investments are held for investment yield enhancement purpose.

During the year ended 30 June 2022, the Group disposed part of the equity securities for capital preservation purpose. The fair value on the date of disposal was HK\$6,452,000 (2021: HK\$4,237,000), resulting in a transfer of accumulated gain on the equity securities designated at FVOCI (non-recycling) of HK\$595,000 (2021: accumulated loss of HK\$9,000) within equity.

10. Trade and other receivables

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

	<u>2022</u> <i>HK\$'000</i>	<u>2021</u> <i>HK\$'000</i>
Within 3 months	310,011	289,991
3 to 6 months	6,164	979
Over 6 months	188	14
Trade receivables, net of loss allowance	316,363	290,984
Other receivables, deposits and prepayments	98,972	64,406
	415,335	355,390

11. Trade and other payables

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

	<u>2022</u> <i>HK\$'000</i>	<u>2021</u> <i>HK\$'000</i>
Within 3 months	460,823	404,349
More than 3 months	3,174	3,657
Trade payables	463,997	408,006
Deposits received	14,984	14,977
Other payables and accruals	261,926	297,583
Deferred income	4,918	5,505
Derivative financial instruments:		
- Foreign exchange forward contracts	-	40
	745,825	726,111

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

During the year, a wholly-owned subsidiary of the Company, as the trustee for a trust set up for the purpose of acquiring shares of the Company to satisfy the exercise of options which may be granted pursuant to the Executive Share Option Scheme adopted on 23 April 2013, purchased 1,292,000 shares of the Company on The Stock Exchange of Hong Kong Limited at a total consideration of HK\$18,636,000.

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

CODE ON CORPORATE GOVERNANCE PRACTICES ("CGP Code")

The Board has adopted a Code of Corporate Governance Practices (the "CGP Code"), which is based on the Corporate Governance Code set out in Appendix 14 (the "HKEX Code") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company has complied with the HKEX Code for the year ended 30 June 2022, save that non-executive Directors are not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the articles of association of the Company and the CGP Code. As such, the Company considers that such provisions are sufficient to meet the intent of the relevant provisions of the HKEX Code.

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

The BARMC has reviewed with the management the accounting principles and practices adopted by the Company and discussed the auditing, risk management, internal controls and financial reporting matters including a review of the annual results of the Company for the year ended 30 June 2022.

SCOPE OF WORK PERFORMED BY AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

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

Closure dates of Register of Members (both days inclusive)	7 November 2022 (Monday) to 10 November 2022 (Thursday)
Latest time to lodge transfers	4:30 p.m. on 4 November 2022 (Friday)
Record date	10 November 2022 (Thursday)
Annual General Meeting	10 November 2022 (Thursday)

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

Closure dates of Register of Members (both days inclusive)	17 November 2022 (Thursday) to 18 November 2022 (Friday)
Latest time to lodge transfers	4:30 p.m. on 16 November 2022 (Wednesday)
Record date	18 November 2022 (Friday)
Proposed final dividend payment date	1 December 2022 (Thursday)

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

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

By Order of the Board
CHENG Man Ying
Company Secretary

Hong Kong, 24 August 2022

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

Chairman:
Mr. KWEK Leng Hai

Group Managing Director:
Mr. WONG Cho Fai

Non-Executive Directors:
Mr. CHEW Seong Aun
Dr. WHANG Sun Tze

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