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LAM SOON (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 411)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS	Six months ended 31 December		
	2022	2021	
	HK\$'M	HK\$'M	(Decrease)
Revenue	2,715	3,227	(16%)
Gross profit	449	626	(28%)
Profit for the period	42	173	(76%)
	HK\$	HK\$	
Basic earnings per share	0.18	0.73	(75%)
Interim dividend per share	0.10	0.15	(33%)
	As at	As at	
	31 December 2022	30 June 2022	
	HK\$'M	HK\$'M	
Total equity	2,835	2,959	(4%)

The Board of Directors (the “Board”) of Lam Soon (Hong Kong) Limited (the “Company”) is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 31 December 2022.

OVERVIEW

The six months ended 31 December 2022 was particularly affected by recurring COVID-19 outbreaks and lockdowns in China and continuing inflation pressure and uncertainties from the Ukraine war. This has deferred market recovery and took a heavier toll than expected on the economies in which we operate. The Group’s businesses had continued to face multiple headwinds from intense price fluctuations in raw materials, increased cost pressure and dampened consumer demand. The adverse underlying conditions and impacts inevitably weighed on the Group’s revenue growth and profitability for the period under review.

To tackle the situation, the Group took proactive actions to protect its margin by reinforcing cost control measures, and adapted short-term strategies to cope with the volatile commodity markets. Price increase discipline was applied with products from our Food and Home Care businesses, with a bid to mitigate the high costs while maintaining our brand competitiveness. Amidst the challenging operating environment, we remained committed to strengthen our business fundamentals and resilience through innovating our products, expanding our market and customer mix, and optimizing our operations. We aim to further solidify our position to drive business momentum and a return to sustainable growth.

SUMMARY OF FINANCIAL RESULTS

The Group recorded a decline in revenue by 16% to HK\$2,715 million comparing to the same period last year, mainly attributable to a sales volume downturn of our Flour business arising from the sluggish demand in Mainland China and Hong Kong. Gross profit margin declined by 2.9 percentage points to 16.5%, as a result of a drop in profitability and write-down of specialty fats inventories to estimated net realizable value due to severe price fluctuations in raw materials during the period. Although the narrowing in gross margin has been partially mitigated by our tightened operating costs, the Group's profit for the period decreased by 76% to HK\$42 million.

As at 31 December 2022, the Group's cash balance was at HK\$1,387 million. As an interim measure to enhance returns, the Group invested in quality fixed income government bonds in Mainland China and equity securities listed in Hong Kong with total carrying amounts of HK\$112 million as at 31 December 2022. With a strong cash and liquidity position, we will continue to adapt our strategies to protect the business franchise and profitability, as well as sustaining our long-term strategic vision and targets.

DIVIDENDS

The Board had declared an interim dividend of HK\$0.10 per share totalling approximately HK\$24 million for the six months ended 31 December 2022 (six months ended 31 December 2021: HK\$0.15 per share totalling approximately HK\$37 million), which will be payable on Wednesday, 22 March 2023 to the shareholders whose names appear on the register of members of the Company on Friday, 10 March 2023.

BUSINESS REVIEW

Food Segment

Food segment's revenue decreased by 18% to HK\$2,295 million whereas its operating profit declined by 86% to HK\$25 million.

Performance of the Group's Flour business during the first half of the financial year was impacted by weak customer sentiments and product demand as dampened by the pandemic-hindered economic recovery in Mainland China and Hong Kong. The Group had faced a substantial increase in wheat costs attributing to supply disruptions from Ukraine and other market factors. While disciplined price adjustments were made to ease part of the cost pressure, sales volume and revenue were affected amidst stagnant market conditions, thus overall narrowed the business segment's gross margin.

The Group's new Specialty Fats Plant in Jintan was fully commissioned in FY2021/22. Whilst it was established as a vital component in expanding our product portfolio to our customers, the business has been impacted by drastic price fluctuation in palm oil since mid-2022. The intense price drop has driven our adoption of a competitive pricing strategy to maintain market share and inventory turns. This has resulted in a decrease in profit, and write-down of inventories to their estimated net realizable value.

BUSINESS REVIEW *(continued)*

Food Segment *(continued)*

To combat these challenges and protect the market share of our Flour business, we have strived to seek a balanced pricing for our products amidst the evolving economic environments, and implement premiumization strategies to stay competitive in the market. To contain cost, increasing efforts have been placed in procuring cost-effective raw materials and improving production processes. We will continue to keep the business under close review to ensure the product quality, while re-calibrating our strategies as needed to address market changes to drive profitability, sustainability and long-term growth.

Meanwhile, the Group's Edible Oil business also faced tough business environment under historical high oil cost and diminished market demand subsequent to covid disruption. Versus competitors who engaged in price cutting to gain market share, we exerted our best effort to sustain premium price positioning and leverage on tactful business execution to minimize sales impact from market price disadvantage. While we prudently control our expenses to protect profitability, we also value the importance of equity strengthening for the short-medium term and launched a TV advertisement burst at targeted Guangdong cities since late December 2022 till early January 2023 riding on the Chinese New Year ("CNY") peak season. The proprietary adjustable cap design was also launched in the Hong Kong market, spearheaded by the Knife Supreme range with promising market feedback. We plan to gradually roll this out to the full range in Hong Kong and Mainland China by phase after CNY.

Home Care Segment

Home Care Division revenue declined by 3% to HK\$420 million while operating profit increased by 20% to HK\$41 million.

Whilst the broader economic environment and our price increases posed a serious challenge to growth, our revenue decline was mainly driven by unfavourable foreign currency translation impact on our Mainland China revenues, which represents the bulk of our business. We improved our bottom line by concurrently tightening our focus and investment in channels with higher returns and streamlining our production and logistics networks in Mainland China. These operational efficiencies will not only help us weather the harsh external environment and ongoing economic uncertainties, but also ensure that we have resources to invest for the future and are better positioned to take advantage of opportunities when they arise. In the more mature Hong Kong market, we strengthened our leadership in the dishwashing category with the launch of AXE Supra, a new product in the super concentrated segment of the dishwashing category. AXE Supra and the AXE Triple Action range will help us target new, younger, and more premium consumers over the long-term.

OUTLOOK

Looking forward, the Mainland China and Hong Kong economies are expected to regain momentum and recover from the reopening of China. Whilst consumer demand is expected to pick up, material costs and market competition remain key factors that could cloud our overall business outlook for the rest of the financial year. To strengthen our resilience, we endeavor to protect our business fundamentals, maintain our agility, vigilance and discipline whilst continuing to adapt to the changing dynamics in consumer behavior, channels and the market arena. By leveraging on our solid foundation and having a long-term strategic plan in place, we are well positioned for future sustainable growth.

FINANCIAL REVIEW

Liquidity and Financial Resources

At 31 December 2022, the Group had a cash balance of HK\$1,387 million (30 June 2022: HK\$1,541 million). About 68% of the balance was denominated in Renminbi, 29% in Hong Kong dollars and 3% 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\$23 million (30 June 2022: HK\$24 million) and HK\$89 million (30 June 2022: HK\$94 million) respectively as at 31 December 2022.

Banking facilities available to Group companies and not yet drawn as at 31 December 2022 amounted to HK\$649 million (30 June 2022: HK\$659 million).

The Group centralises all the financing and treasury activities at the 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 31 December 2022, the inventory turnover days were 68 days (30 June 2022: 65 days). The trade receivable turnover days were 22 days (30 June 2022: 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 currencies as well as the Group's cash flow requirements to ensure that its foreign exchange exposure is kept at an acceptable level.

Equity Price Exposure

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

Capital Expenditure

During the six months ended 31 December 2022, the Group invested a total sum of HK\$34 million (2021: HK\$62 million) on acquisition of plant equipment.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2022 (Unaudited)

	Note	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Revenue	3	2,715,046	3,226,931
Cost of sales		<u>(2,265,990)</u>	<u>(2,600,706)</u>
Gross profit		449,056	626,225
Other income		25,600	18,252
Selling and distribution expenses		(329,933)	(354,687)
Administrative expenses		(93,919)	(101,472)
Profit from operations		50,804	188,318
Finance costs	4	(106)	(161)
Profit before taxation	4	50,698	188,157
Taxation	5	(8,491)	(15,123)
Profit for the period		42,207	173,034
Earnings per share			
Basic and diluted	7	HK\$0.18	HK\$0.73

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2022 (Unaudited)

	<u>2022</u> <i>HK\$'000</i>	<u>2021</u> <i>HK\$'000</i>
Profit for the period	42,207	173,034
Other comprehensive income for the period (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)	(4,994)	(5,199)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	(84,242)	40,789
Other comprehensive income for the period	(89,236)	35,590
Total comprehensive income for the period	(47,029)	208,624

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

		At 31 December 2022 (Unaudited) <i>HK\$'000</i>	At 30 June 2022 (Audited) <i>HK\$'000</i>
Non-current assets			
Leasehold land and property, plant and equipment		818,077	846,003
Intangible assets and goodwill		5,139	5,671
Other financial assets	8	112,359	118,778
Deferred tax assets		753	884
Other non-current assets		2,908	3,841
		<u>939,236</u>	<u>975,177</u>
Current assets			
Inventories		825,412	868,995
Trade and other receivables	9	431,627	415,335
Cash and short term funds		1,386,983	1,541,454
		<u>2,644,022</u>	<u>2,825,784</u>
Current liabilities			
Trade and other payables	10	689,806	745,825
Contract liabilities		30,170	69,492
Tax payables		9,547	9,291
Lease liabilities		3,842	3,177
		<u>733,365</u>	<u>827,785</u>
Net current assets		<u>1,910,657</u>	<u>1,997,999</u>
Total assets less current liabilities		<u>2,849,893</u>	<u>2,973,176</u>
Non-current liabilities			
Deferred tax liabilities		12,579	12,813
Lease liabilities		2,070	1,239
		<u>14,649</u>	<u>14,052</u>
NET ASSETS		<u>2,835,244</u>	<u>2,959,124</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*At 31 December 2022*

	<i>Note</i>	At 31 December 2022 (Unaudited) <i>HK\$'000</i>	At 30 June 2022 (Audited) <i>HK\$'000</i>
CAPITAL AND RESERVES			
Share capital		672,777	672,777
Reserves		2,162,467	2,286,347
TOTAL EQUITY		2,835,244	2,959,124

Notes:

1. Basis of preparation

The preliminary announcement of the Company's interim results has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated financial statements included in this announcement has been prepared in accordance with the same accounting policies adopted in the 2021/22 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022/23 annual financial statements. Details of any changes in accounting policies are set out in note 2.

This announcement contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021/22 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information in this announcement is unaudited. The financial information relating to the financial year ended 30 June 2022 that is included in this preliminary announcement of the interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 30 June 2022 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 financial statements. 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 section 406(2), 407(2) or (3) of the Companies Ordinance.

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.

Notes:

3. Revenue and segment reporting

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

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

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

(a) Disaggregation of revenue

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

	Six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
- Sales of goods	<u>2,715,046</u>	<u>3,226,931</u>
Disaggregated by geographical location of customers		
- Hong Kong and Macau	402,676	403,721
- Mainland China	<u>2,312,370</u>	<u>2,823,210</u>
	<u>2,715,046</u>	<u>3,226,931</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 3(b).

Notes:

3. Revenue and segment reporting (*continued*)

(b) Information about profit or loss, assets and liabilities

Disaggregation of revenue from contracts with customers by 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:

	Six months ended 31 December					
	2022 (Unaudited)			2021 (Unaudited)		
	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	<u>2,294,585</u>	<u>420,461</u>	<u>2,715,046</u>	<u>2,791,465</u>	<u>435,466</u>	<u>3,226,931</u>
Reportable segment profit from operations	<u>24,874</u>	<u>40,671</u>	<u>65,545</u>	<u>175,452</u>	<u>33,977</u>	<u>209,429</u>
	At 31 December 2022 (Unaudited)			At 30 June 2022 (Audited)		
	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>
Reportable segment assets	<u>2,651,404</u>	<u>340,769</u>	<u>2,992,173</u>	<u>2,781,421</u>	<u>324,578</u>	<u>3,105,999</u>
Reportable segment liabilities	<u>600,590</u>	<u>145,071</u>	<u>745,661</u>	<u>678,713</u>	<u>149,206</u>	<u>827,919</u>

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.

Notes:

3. Revenue and segment reporting *(continued)*

(c) Reconciliations of reportable segment profit or loss

	Six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Reportable segment profit from operations	65,545	209,429
Unallocated exchange (losses)/gains	(1,256)	465
Unallocated net realised and unrealised losses on derivative financial instruments	-	(108)
Unallocated interest income on financial assets measured at amortised cost	6,135	590
Dividend income	4,710	2,404
Unallocated head office and corporate expenses	(24,330)	(24,462)
Finance costs	(106)	(161)
	<hr/>	<hr/>
Consolidated profit before taxation	50,698	188,157
	<hr/> <hr/>	<hr/> <hr/>

4. Profit before taxation

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

	Six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Finance costs		
Interest on lease liabilities	106	161
	<hr/>	<hr/>
Staff costs		
Salaries, wages and other benefits	209,175	214,775
Share-based payment expenses	1,522	1,118
Contribution to defined contribution retirement plans	16,953	17,846
	<hr/>	<hr/>
	227,650	233,739
	<hr/> <hr/>	<hr/> <hr/>

Notes:

4. Profit before taxation (continued)

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

	Six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation and amortisation		
Leasehold land and property, plant and equipment	37,863	32,840
Intangible assets	485	416
	38,348	33,256
Other items		
Interest income on financial assets measured at amortised cost	(15,485)	(12,660)
Dividend income	(4,710)	(2,404)
Net exchange (gains)/losses	(520)	857
Net (gains)/losses on disposal of property, plant and equipment	(447)	45
Write-down/(reversal of write-down) of inventories (note (i))	6,415	(106)
Net unrealised loss/(gain) on club membership	100	(7)
Net realised and unrealised gains on derivative financial instruments (note (ii))	-	(126)
Government grants (note (iii))	(2,253)	(413)

Notes:

- (i) During the six months ended 31 December 2022, the Group recognised HK\$5,700,000 (2021: HK\$Nil) for the write-down of inventories to their estimated net realizable value in its new specialty fats company in Jintan, East China, which resulted from competitive pricing strategy triggered by sharp decline in palm oil prices to maintain market share and to keep inventory turns.
- (ii) During the six months ended 31 December 2021, the Group entered into various foreign exchange forward contracts to manage its foreign currency risk exposures.
- (iii) During the six months ended 31 December 2022, government grants primarily represented one-off government subsidies granted due to COVID-19 pandemic of HK\$1,327,000 (2021: HK\$Nil) under the Employment Support Scheme of Hong Kong.

Notes:

5. Taxation

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax	587	2,276
Current tax – Outside Hong Kong	8,042	17,625
Deferred taxation	(138)	(4,778)
	8,491	15,123

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2021: 16.5%) to the respective estimated assessable profits of companies within the Group operating in Hong Kong for the six months ended 31 December 2022.

Taxation for subsidiaries operating in Mainland China and Macau is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable 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 six months ended 31 December 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.

Notes:

6. 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 interim period**

	Six months ended 31 December	
	2022	2021
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared and paid after the interim period of HK\$0.10 (2021: HK\$0.15) per ordinary share	<u>23,497</u>	<u>35,327</u>

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

- (b) **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 previous financial year, approved and paid during the interim period**

	Six months ended 31 December	
	2022	2021
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK\$0.33 (2021: HK\$0.33) per ordinary share	<u>77,539</u>	<u>77,895</u>

Notes:

7. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the period of HK\$42,207,000 (2021: HK\$173,034,000) and the weighted average number of 235,008,000 (2021: 236,110,000) ordinary shares in issue during the interim period.

	Six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	'000	'000
Issued ordinary shares at beginning of period	243,354	243,354
Effect of shares purchased in prior years	(13,476)	(12,184)
Effect of shares purchased in current period	(45)	(235)
	(13,521)	(12,419)
Effect of shares options exercised in prior years	5,175	5,175
Weighted average number of ordinary shares at end of period	235,008	236,110

(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 six months ended 31 December 2022 and 2021.

Notes:

8. Other financial assets

		At 31 December 2022 (Unaudited) HK\$'000	At 30 June 2022 (Audited) HK\$'000
Debt securities measured at amortised cost	<i>(i)</i>	22,698	24,023
Equity securities designated at fair value through other comprehensive income (“FVOCI”) (non-recycling):			
- Equity securities listed in Hong Kong	<i>(ii)</i>	89,039	94,033
Financial assets measured at fair value through profit or loss:			
- Club membership		622	722
		112,359	118,778

Notes:

- (i) At 31 December 2022, the debt securities are unsecured, bearing fixed interest rates at 2.8% (30 June 2022: 2.8%) per annum and will mature in 2024.
- (ii) The equity securities designated at FVOCI (non-recycling) include the listed equity securities of companies engaged in banking and finance industry of HK\$64,458,000 (30 June 2022: HK\$70,758,000) and telecommunications industry of HK\$24,581,000 (30 June 2022: HK\$23,275,000). The Group designated these investments as equity securities at FVOCI (non-recycling), as the investments are held for investment yield enhancement purpose.

Notes:

9. 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:

	At 31 December 2022 (Unaudited) <i>HK\$'000</i>	At 30 June 2022 (Audited) <i>HK\$'000</i>
Within 3 months	339,620	310,011
3 to 6 months	5,918	6,164
Over 6 months	-	188
Trade receivables, net of loss allowance	345,538	316,363
Other receivables, deposits and prepayments	86,089	98,972
	431,627	415,335

10. 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:

	At 31 December 2022 (Unaudited) <i>HK\$'000</i>	At 30 June 2022 (Audited) <i>HK\$'000</i>
Within 3 months	459,674	460,823
More than 3 months	2,455	3,174
Trade payables	462,129	463,997
Deposits received	10,979	14,984
Other payables and accruals	212,271	261,926
Deferred income	4,427	4,918
	689,806	745,825

REVIEW BY BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

The unaudited interim results for the six months ended 31 December 2022 have been reviewed by the Board Audit and Risk Management Committee of the Company. The information in these interim results does not constitute statutory accounts.

CORPORATE GOVERNANCE

Corporate Governance Code

The Board has adopted a Corporate Governance Code which is based on the principles set out in Appendix 14 (the “HKEX Code”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. During the period, the Company has complied with all applicable code provisions of the HKEX Code.

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

During the period, 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 85,000 shares of the Company on The Stock Exchange of Hong Kong Limited at a total consideration of HK\$834,000.

Save as disclosed above, during the period, 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Friday, 10 March 2023, on such date no transfer of shares will be registered. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates, must be lodged with the Company’s Share Registrar 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 for registration not later than 4:30 p.m. on Thursday, 9 March 2023.

By Order of the Board
CHENG Man Ying
Company Secretary

Hong Kong, 21 February 2023

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

Chairman:

Mr. KWEK Leng Hai

Executive Director:

Mr. WONG Cho Fai - Group Managing
Director/ Chief Executive Officer

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