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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 2020

	Six months ended 31 December		Increase
	2020	2019	
	HK\$'M	HK\$'M	
Revenue	3,051	2,861	7%
Gross profit	732	658	11%
Profit for the period	238	187	27%
	HK\$	HK\$	
Basic earnings per share	1.01	0.79	28%
Interim dividend per share	0.15	0.14	7%
	As at	As at	
	31 December 2020	30 June 2020	
	HK\$'M	HK\$'M	
Equity attributable to shareholders	2,779	2,477	12%

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 2020.

#### OVERVIEW

In the six months ended 31 December 2020, despite the pressing challenges posed by the persistent COVID-19 pandemic and geopolitical tensions that intensified macroeconomic volatility, the Group had successfully achieved a revenue growth of 7% and a 27% increase in net profit over the same corresponding period last year.

The Group’s agility enabled it to effectively adapt to the new normal, as it continued to focus on executing its key strategies - enhancing product and channel mix, driving new products, increasing distribution while judiciously optimising advertising & promotion spending and operating costs. Sales momentum was re-gained. Rising costs of material due to a significant increase in edible oils prices and higher material cost for Home Care products were mitigated by favourable bran and wheat prices, resulting in the overall Group profit margin improving by 1 percentage point.

The Group remains committed to strengthen its growth fundamentals. Our specialty fats facility in Jintan, China commenced construction work in September 2020. However, due to the COVID-19 pandemic and weather disruptions, the project encountered a slight delay and is currently expected to be operational by the end of FY 2020/21.

## **SUMMARY OF FINANCIAL RESULTS**

The Group's revenue growth of 7% was supported by the impact of a stronger RMB and higher bran selling prices. Gross profit margin improved by 1 percentage point to 24% despite the sharp increase in edible oil cost, countered by favourable bran prices, as well as efforts to improve net sales pricing with lower discounts and better product mix. As a result of the revenue growth, improved profit margin along with tightened operating costs and government subsidies, the net profit attributable to shareholders during this period increased healthily by 27% to HK\$238 million.

As at 31 December 2020, the Group's cash balance increased by 7% to HK\$1,631 million. To diversify its cash holdings into other quality liquid assets, the Group invested HK\$29 million in fixed income government bonds in Mainland China which gave higher returns. With a strong cash position, the Group is well positioned to make capital investments, acquisitions and/or enter into joint ventures to strengthen its supply chain and to support geographic and business expansions, should good opportunities arise.

## **DIVIDENDS**

The Board had declared an interim dividend of HK\$0.15 per share totalling approximately HK\$37 million for the six months ended 31 December 2020 (six months ended 31 December 2019: HK\$0.14 per share totalling approximately HK\$34 million), which will be payable on Tuesday, 23 March 2021 to the shareholders whose names appear on the register of members of the Company on Wednesday, 10 March 2021.

## **BUSINESS REVIEW**

### **Food Segment**

Food segment's revenue increased by 6% to HK\$2,626 million and its operating profit increased by 27% to HK\$274 million. This growth was driven by the Group's focused efforts in selective growing segments and to improve product mix, over and above the contribution of favourable bran prices and RMB appreciation.

Our Flour business continues to execute its long-term strategic plans to transform itself from an ingredient supplier to a solution provider against the backdrop of changing consumer behaviours and channel dynamics under the "new norm" resulting from the COVID-19 pandemic. The domestic market environment remains challenging, amid the slow-down in catering businesses caused by strict social distancing measures and weakened household income. The baking market saw a slow pick-up in the second half of 2020 but was still far from a full recovery. During this period, we launched the premium Golden Statue Japanese and Golden Statue French Flours and continued to drive sales of our signature Royal Sakura. Increased interactive online communication with customers via live streaming and WeChat in response to the implementation of movement controls and travel restrictions enabled us to continue with our commitment to support customer demands, and promote loyalty and partnerships.

## **BUSINESS REVIEW** *(continued)*

### **Food Segment** *(continued)*

Our Edible Oil business faced challenges of escalating material cost and severe pressure on price. To mitigate the impact of cost increase, Knife traded up to a new premium offer and had a major brand uplift. Our Knife TV advertisement plus 360-degree campaign which kicked off in December 2020 differentiated our product by focusing on the “Rich in aroma yet not greasy” proposition and leveraging on TV celebrity endorsements. This had positioned us to capture the crucial Chinese New Year season momentum as the springboard to the next phase of our growth.

The Group also began distribution of Manuka Health honey products in China. In this initial phase, focus was on the setting up of a distribution network particularly on an e-commerce platform and the development a premium brand positioning.

### **Home Care Segment**

Home Care segment’s revenue increased by 14% to HK\$425 million with a 25% increase in operating profit to HK\$51 million.

Our Home Care business experienced a healthy growth, fueled by the increased hygiene awareness to combat the spread of COVID-19 as well as the economic recovery in China. Riding on heightened demand for cleaning products, we drove sales growth in laundry capsules and launched new fragrances in our dishwashing products, while strengthening our distribution channels to focus on e-commerce and modern trade. At the same time, we embarked on the modernisation of our AXE brand image through a cross-over cooperation with B.Duck.

## **OUTLOOK**

Looking ahead, the economic outlook both globally and domestically remains clouded with uncertainty and volatility. The pressure of the lingering COVID-19 pandemic on the overall economy remains and continues to change the dynamics in consumer behaviour, business segments and channels. However, at the time of this interim report, there appears to be light at the end of this tunnel with encouraging news of vaccines and of many countries having begun rolling out vaccinations in stages. Nevertheless, the on-going upsurge of edible oil prices continues to pose uncertainty and will be closely monitored. The Group will continue to persevere through this unprecedented turmoil with agility, vigilance and discipline. We had adapted and continued to strengthen our fundamentals. As such while we remain cautious, we are also optimistic and well positioned to ride on any recovery momentum swiftly and decisively.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

At 31 December 2020, the Group had a cash balance of HK\$1,631 million (30 June 2020: HK\$1,530 million). This was mainly attributable to the net cash generated from operating activities. About 72% of the balance was denominated in Renminbi, 23% in Hong Kong dollars and 5% in United States dollars. In addition, the Group invested HK\$29 million (30 June 2020: Nil) in fixed income government bond in Mainland China as at 31 December 2020.

Banking facilities available to Group companies and not yet drawn as at 31 December 2020 amounted to HK\$607 million (30 June 2020: HK\$611 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 2020, the inventory turnover days were 60 days (30 June 2020: 62 days). The trade receivable turnover days improved to 19 days (30 June 2020: 21 days).

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

### **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.

### **Capital Expenditure**

During the six months ended 31 December 2020, the Group invested a total sum of HK\$54 million (2019: HK\$47 million) on construction of new plant and new production lines in China and acquisition of other plant equipment.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS***For the six months ended 31 December 2020 (Unaudited)*

	<i>Note</i>	<u>2020</u> <i>HK\$'000</i>	<u>2019</u> <i>HK\$'000</i>
<b>Revenue</b>	3	<b>3,051,295</b>	2,860,591
Cost of sales		<b>(2,319,618)</b>	(2,203,016)
<b>Gross profit</b>		<b>731,677</b>	657,575
Other income		<b>28,203</b>	23,662
Selling and distribution expenses		<b>(352,872)</b>	(347,120)
Administrative expenses		<b>(112,784)</b>	(104,966)
<b>Profit from operations</b>		<b>294,224</b>	229,151
Finance costs	4	<b>(127)</b>	(118)
<b>Profit before taxation</b>	4	<b>294,097</b>	229,033
Taxation	5	<b>(55,864)</b>	(41,708)
<b>Profit for the period</b>		<b>238,233</b>	187,325
<b>Earnings per share</b>			
Basic	7(a)	<b>HK\$1.01</b>	HK\$0.79
Diluted	7(b)	<b>HK\$1.01</b>	HK\$0.79

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

For the six months ended 31 December 2020 (Unaudited)

	<u>2020</u> <i>HK\$'000</i>	<u>2019</u> <i>HK\$'000</i>
<b>Profit for the period</b>	<b>238,233</b>	<b>187,325</b>
<b>Other comprehensive income for the period (net of nil tax and reclassification adjustments)</b>		
<b>Item that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	<b>146,952</b>	<b>(27,256)</b>
<b>Other comprehensive income for the period</b>	<b>146,952</b>	<b>(27,256)</b>
<b>Total comprehensive income for the period</b>	<b>385,185</b>	<b>160,069</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

		At 31 December 2020 <b>(Unaudited)</b> <i>HK\$'000</i>	At 30 June 2020 <b>(Audited)</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Leasehold land and property, plant and equipment		746,836	668,030
Intangible assets and goodwill		4,263	6,862
Deferred tax assets		-	26
Other non-current assets		37,300	17,284
		<u>788,399</u>	<u>692,202</u>
<b>Current assets</b>			
Inventories		760,870	646,073
Trade and other receivables	8	401,246	347,216
Cash and short term funds		1,631,197	1,529,608
		<u>2,793,313</u>	<u>2,522,897</u>
<b>Current liabilities</b>			
Trade and other payables	9	686,788	639,793
Contract liabilities		43,260	39,369
Tax payables		39,878	35,146
Lease liabilities		4,012	2,767
		<u>773,938</u>	<u>717,075</u>
<b>Net current assets</b>		<u>2,019,375</u>	<u>1,805,822</u>
<b>Total assets less current liabilities</b>		<u>2,807,774</u>	<u>2,498,024</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		25,726	19,543
Lease liabilities		2,957	1,584
		<u>28,683</u>	<u>21,127</u>
<b>NET ASSETS</b>		<u>2,779,091</u>	<u>2,476,897</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		672,777	672,777
Reserves		2,106,314	1,804,120
<b>TOTAL EQUITY</b>		<u>2,779,091</u>	<u>2,476,897</u>

*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 2019/20 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020/21 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 2019/20 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 2020 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 2020 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 a number of 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, and trading and distribution of health products.

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:

	<b>Six months ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
- Sales of goods	<b>3,051,295</b>	2,860,318
<b>Revenue from other sources</b>		
Rental income	-	273
	<b>3,051,295</b>	2,860,591
<b>Disaggregated by geographical location of customers</b>		
- Hong Kong and Macau	<b>375,192</b>	391,864
- Mainland China	<b>2,676,103</b>	2,468,454
	<b>3,051,295</b>	2,860,318

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					
	2020 (Unaudited)			2019 (Unaudited)		
	Food HK\$'000	Home Care HK\$'000	Segment Total HK\$'000	Food HK\$'000	Home Care HK\$'000	Segment Total HK\$'000
<b>Disaggregated by timing of revenue recognition on point in time</b>						
Revenue from external customers	<u>2,626,427</u>	<u>424,868</u>	<u>3,051,295</u>	<u>2,488,409</u>	<u>371,909</u>	<u>2,860,318</u>
Reportable segment profit from operations	<u>274,105</u>	<u>50,720</u>	<u>324,825</u>	<u>215,295</u>	<u>40,699</u>	<u>255,994</u>
	At 31 December 2020 (Unaudited)			At 30 June 2020 (Audited)		
	Food HK\$'000	Home Care HK\$'000	Segment Total HK\$'000	Food HK\$'000	Home Care HK\$'000	Segment Total HK\$'000
Reportable segment assets	<u>2,740,064</u>	<u>315,865</u>	<u>3,055,929</u>	<u>2,496,136</u>	<u>289,548</u>	<u>2,785,684</u>
Reportable segment liabilities	<u>576,301</u>	<u>181,787</u>	<u>758,088</u>	<u>543,637</u>	<u>155,776</u>	<u>699,413</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	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Reportable segment profit from operations	324,825	255,994
Unallocated exchange gains/(losses)	6,678	(405)
Unallocated head office and corporate expenses	(37,279)	(26,438)
Finance costs	(127)	(118)
	<u>294,097</u>	<u>229,033</u>
Consolidated profit before taxation	<u>294,097</u>	<u>229,033</u>

4. Profit before taxation

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

	Six months ended 31 December	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Finance costs</b>		
Interest on lease liabilities	<u>127</u>	<u>118</u>
<b>Staff costs</b>		
Salaries, wages and other benefits	215,395	197,036
Share-based payment expenses	-	78
Contribution to defined contribution retirement plans (note (i))	<u>1,847</u>	<u>14,404</u>
	<u>217,242</u>	<u>211,518</u>
<b>Depreciation and amortisation</b>		
Leasehold land and property, plant and equipment	30,190	31,480
Intangible assets	<u>2,599</u>	<u>2,317</u>
	<u>32,789</u>	<u>33,797</u>

*Notes:*

**4. Profit before taxation** (*continued*)

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

	<b>Six months ended 31 December</b>	
	<b>2020</b>	2019
	<b><u>(Unaudited)</u></b>	<u>(Unaudited)</u>
	<b>HK\$'000</b>	HK\$'000
<b>Other items</b>		
Interest income on financial assets measured at amortised cost	<b>(14,947)</b>	(16,983)
Net exchange gains	<b>(2,299)</b>	(284)
Net losses on disposal of property, plant and equipment ( <i>note (iii)</i> )	<b>1,909</b>	8,086
Write-down of inventories	<b>435</b>	988
Net unrealised loss on club membership	<b>150</b>	163
Net realised and unrealised losses/(gains) on derivative financial instruments ( <i>note (iv)</i> )	<b>5,566</b>	(82)
Government grants ( <i>notes (ii) &amp; (iii)</i> )	<b><u>(10,484)</u></b>	<u>(10,260)</u>

*Notes:*

- (i) During the six months ended 31 December 2020, 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.
- (ii) During the six months ended 31 December 2020, government grants primarily represented one-off government subsidies granted due to COVID-19 pandemic of HK\$9,029,000 under the Employment Support Scheme of Hong Kong.
- (iii) During the six months ended 31 December 2019, expenditure relating to the plant relocation project of HK\$10,260,000 which mainly included fixed asset write-off of the old plant of HK\$8,325,000 had been incurred. A corresponding amount of government compensation was then credited to the consolidated statement of profit or loss.
- (iv) The Group entered into various foreign exchange forward contracts to manage its foreign currency risk exposures during the period.

*Notes:*

**5. Taxation**

Taxation in the consolidated statement of profit or loss represents:

	<b>Six months ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Current tax – Hong Kong Profits Tax	<b>3,183</b>	3,698
Current tax – Outside Hong Kong	<b>46,472</b>	30,219
Deferred taxation	<b>6,209</b>	7,791
	<b><u>55,864</u></b>	<b><u>41,708</u></b>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2019: 16.5%) to the respective estimated assessable profits of companies within the Group operating in Hong Kong for the six months ended 31 December 2020.

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 2020 and 2019.

Other subsidiaries operating in Mainland China are subject to CIT tax rates of 25% (2019: 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 dividends distributable 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**

	<b>Six months ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b><u>(Unaudited)</u></b>	<b><u>(Unaudited)</u></b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Interim dividend declared and paid after the interim period of HK\$0.15 (2019: HK\$0.14) per ordinary share	<b>35,510</b>	<b>33,227</b>

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**

	<b>Six months ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b><u>(Unaudited)</u></b>	<b><u>(Unaudited)</u></b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK\$0.31 (2019: HK\$0.30) per ordinary share	<b>73,461</b>	<b>71,077</b>

*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\$238,233,000 (2019: HK\$187,325,000) and the weighted average number of 236,734,000 (2019: 237,073,000) ordinary shares in issue during the interim period.

	<b>Six months ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b><u>(Unaudited)</u></b>	<b><u>(Unaudited)</u></b>
	<b>'000</b>	<b>'000</b>
Issued ordinary shares at beginning of period	<b>243,354</b>	243,354
Effect of shares purchased in prior years	<b>(11,039)</b>	(10,337)
Effect of shares purchased in current period	<b>(756)</b>	(128)
	<b>(11,795)</b>	(10,465)
Effect of shares options exercised in prior years	<b>5,175</b>	4,140
Effect of share options exercised in current period	<b>-</b>	44
	<b>5,175</b>	4,184
Weighted average number of ordinary shares at end of period	<b>236,734</b>	237,073

*Notes:*

**7. Earnings per share** *(continued)*

**(b) Diluted earnings per share**

The calculation of diluted earnings per share is based on the profit for the period of HK\$238,233,000 (2019: HK\$187,325,000) and the weighted average number of ordinary shares of 236,734,000 (2019: 237,411,000) after adjusting the effect of deemed issue of shares under the Company's share option scheme, calculated as follows:

	<b>Six months ended 31 December</b>	
	<b>2020</b>	2019
	<b><u>(Unaudited)</u></b>	<u>(Unaudited)</u>
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares at end of period	<b>236,734</b>	237,073
Effect of deemed issue of shares under the Company's share option scheme	-	338
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) at end of period	<b><u>236,734</u></b>	<u>237,411</u>

For the six months ended 31 December 2020, the diluted earnings per share equalled the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the period.



*Notes:*

**8. Trade and other receivables**

As of the end of the reporting period, the aging 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 <b>31 December</b> <b>2020</b> <b>(Unaudited)</b> <i>HK\$'000</i>	At 30 June 2020 (Audited) <u>HK\$'000</u>
Within 3 months	<b>331,993</b>	307,465
3 to 6 months	<b>5,970</b>	2,398
Over 6 months	<b>2,571</b>	296
	<hr/>	<hr/>
Trade receivables, net of loss allowance	<b>340,534</b>	310,159
Derivative financial instruments:		
- Foreign exchange forward contracts	<b>16</b>	584
Other receivables, deposits and prepayments	<b>60,696</b>	36,473
	<hr/>	<hr/>
	<b>401,246</b>	347,216
	<hr/> <hr/>	<hr/> <hr/>

**9. Trade and other payables**

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

	At <b>31 December</b> <b>2020</b> <b>(Unaudited)</b> <i>HK\$'000</i>	At 30 June 2020 (Audited) <u>HK\$'000</u>
Within 3 months	<b>378,433</b>	306,865
More than 3 months	<b>6,129</b>	6,529
	<hr/>	<hr/>
Trade payables	<b>384,562</b>	313,394
Deposits received	<b>9,590</b>	10,259
Other payables and accruals	<b>287,677</b>	311,554
Deferred income	<b>4,912</b>	4,472
Derivative financial instruments:		
- Foreign exchange forward contracts	<b>47</b>	114
	<hr/>	<hr/>
	<b>686,788</b>	639,793
	<hr/> <hr/>	<hr/> <hr/>

## **REVIEW BY BOARD AUDIT AND RISK MANAGEMENT COMMITTEE**

The unaudited interim results for the six months ended 31 December 2020 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 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.

During the period, the Company has complied with the HKEx Code, 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.

## **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 756,000 shares of the Company on The Stock Exchange of Hong Kong Limited at a total consideration of HK\$9,530,000.

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 Wednesday, 10 March 2021, 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 Tuesday, 9 March 2021.

By Order of the Board  
**CHENG Man Ying**  
*Company Secretary*

Hong Kong, 19 February 2021

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