HENG TAI CONSUMABLES GROUP LIMITED
亨泰消費品集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00197)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2023

The board (the "**Board**") of directors (the "**Directors**") of Heng Tai Consumables Group Limited (the "**Company**") is pleased to announce the audited consolidated final results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 30 June 2023 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 30 June 2023

	Note	**2023** *HK$'000*	2022 *HK$'000*
Revenue	*3*	**440,600**	501,218
Cost of sales		**(409,124)**	(481,374)
Gross profit		**31,476**	19,844
Changes in fair value due to biological transformation		**(41,896)**	(31,375)
Other gains and income		**10,073**	10,194
Selling and distribution expenses		**(30,532)**	(42,321)
Administrative expenses		**(64,279)**	(64,401)
Impairment losses on trade receivables and deposits and other receivables		**(2,804)**	(3,253)
Other operating expenses		**(27,217)**	(97,623)
Loss from operations		**(125,179)**	(208,935)
Finance costs	*5*	**(550)**	(436)
Loss before tax		**(125,729)**	(209,371)
Income tax credit	*6*	**133**	215
Loss for the year	*7*	**(125,596)**	(209,156)
Attributable to:			
Owners of the Company		**(125,596)**	(216,128)
Non-controlling interests		**–**	6,972
		(125,596)	(209,156)
Loss per share	*9*		
Basic		**HK(6 cents)**	HK(11 cents)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	2023	2022
	HK$'000	*HK$'000*
Loss for the year	**(125,596)**	(209,156)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Fair value change on revaluation of buildings	**(912)**	6,776
Deferred tax liability on revaluation of buildings	**228**	(1,694)
	(684)	5,082
Items that have been or may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(14,027)**	(4,470)
Exchange differences reclassified to profit or loss on deregistration of subsidiaries	**72**	–
Exchange differences reclassified to profit or loss on disposal of subsidiaries	**–**	329
Fair value changes on financial assets at fair value through other comprehensive income ("**FVTOCI**")	**–**	(1,977)
Release of reserve upon redemption of financial assets at FVTOCI	**1,915**	–
	(12,040)	(6,118)
Other comprehensive income for the year, net of tax	**(12,724)**	(1,036)
Total comprehensive income for the year	**(138,320)**	(210,192)
Attributable to:		
Owners of the Company	**(138,320)**	(217,155)
Non-controlling interests	**–**	6,963
	(138,320)	(210,192)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Note	2023 HK$'000	2022 HK$'000
ASSETS			
Non-current assets			
Fixed assets		**207,485**	188,675
Right-of-use assets		**41,082**	46,713
Construction in progress		**70,299**	107,986
Bearer plants		**89,473**	94,480
Goodwill		**–**	–
Other intangible assets		**374**	374
Other assets		**673**	205
Investment in a club membership		**108**	108
Investments		**63,504**	9,922
Deferred tax assets		**8,733**	8,380
		481,731	456,843
Current assets			
Biological assets		**17,878**	23,626
Inventories		**105,317**	117,842
Trade receivables	*10*	**202,298**	253,054
Prepayments, deposits and other receivables		**120,196**	99,465
Investments		**4,877**	108,188
Pledged bank deposits		**12,183**	16,167
Client trust bank balances		**7,199**	3,715
Bank and cash balances		**121,830**	145,656
		591,778	767,713
TOTAL ASSETS		**1,073,509**	1,224,556

	Note	2023 HK$'000	2022 HK$'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**210,141**	210,141
Reserves		**759,929**	898,249
		970,070	1,108,390
Non-controlling interests		**–**	(41)
Total equity		**970,070**	1,108,349
Non-current liabilities			
Lease liabilities		**5,687**	7,845
Deferred tax liabilities		**12,367**	13,308
		18,054	21,153
Current liabilities			
Trade payables	*11*	**64,106**	69,470
Accruals and other payables		**9,197**	10,116
Borrowings		**10,460**	12,585
Lease liabilities		**1,622**	2,883
		85,385	95,054
Total liabilities		**103,439**	116,207
TOTAL EQUITY AND LIABILITIES		**1,073,509**	1,224,556
Net current assets		**506,393**	672,659
Total assets less current liabilities		**988,124**	1,129,502

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. BASIS OF PREPARATION

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

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

2. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs and annual improvements issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 July 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018–2020

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

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

The Group has not applied any amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning on 1 July 2022. The amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 — Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 7 and HKFRS 7 — Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 8 — Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKAS 12 — International Tax Reform — Pillar Two Model Rules	1 January 2023 (except for HKAS 12 paragraph 4A and 88A which are immediately effective upon issue of the amendments)
Amendments to HKFRS 16 — Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to HKAS 21 — Lack of Exchangeability	1 January 2025
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. REVENUE

Disaggregation of revenue

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

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
— Sales of consumer goods	**273,726**	290,477
— Sales of agri-products	**163,635**	206,631
— Commission and brokerage income on securities dealings	**947**	1,210
	438,308	498,318
Revenue from other sources		
— Interest income from margin financing	**2,292**	2,900
	440,600	501,218

The Group derives revenue from the transfer of products and services at a point in time in the following major product lines and geographical regions:

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

	For the year ended 30 June 2022			
	Consumer goods *HK$'000*	Agri-products *HK$'000*	Securities dealing services *HK$'000*	Total *HK$'000*
Primary geographical markets				
Hong Kong	3,301	44,040	1,210	48,551
PRC except Hong Kong	287,176	162,591	–	449,767
Revenue from external customers	290,477	206,631	1,210	498,318
Timing of revenue recognition				
Products and services transferred at a point in time	290,477	206,631	1,210	498,318

4. SEGMENT INFORMATION

The chief operating decision maker has been identified as the Board. The Board reviews the Group's internal reporting for the purposes of resource allocation and assessment of segment performance which focused on the category of services/products provided to external customers. The Group has identified two reportable segments as follows:

(i) The sale and trading of fast moving consumer goods including packaged foods, beverages and household consumable products ("**FMCG Trading Business**"); and

(ii) The cultivation, sale and trading of fresh and processed fruits and vegetables ("**Agri-Products Business**").

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The Group's other operating segments include the provision of securities dealing and margin financing services and tourist retailing of jewellery products. None of these segments meets any of the quantitative thresholds for determining reportable segments. The information of these other operating segments is included in the (All other segments) column.

Segment loss do not include gain or loss from investments, impairment loss on goodwill, certain other gains and income, certain finance costs, loss on deregistration of subsidiaries, loss on disposal of subsidiaries and unallocated corporate expenses. Segment assets do not include investments, certain prepayments, deposits and other receivables, pledged bank deposits and certain bank and cash balances. Segment liabilities do not include certain borrowings, certain accruals and other payables and certain lease liabilities. Segment non-current liabilities do not include certain lease liabilities and certain deferred tax liabilities.

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

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

	FMCG Trading Business *HK$'000*	Agri-Products Business *HK$'000*	All other segments *HK$'000*	Total *HK$'000*
Year ended 30 June 2022				
Revenue from external customers	290,477	206,631	4,110	501,218
Segment loss	(72,385)	(82,098)	(3,739)	(158,222)
Depreciation and amortisation	15,371	23,461	774	39,606
Income tax expense/(credit)	73	87	(519)	(359)
Other material non-cash items:				
Changes in fair value due to biological transformation	–	31,375	–	31,375
Impairment losses/(reversal of impairment losses) on trade receivables, prepayments and other receivables, net	1,390	2,924	(1,823)	2,491
Impairment loss on fixed assets	11,628	4,457	–	16,085
Impairment loss on right-of-use assets	1,765	–	–	1,765
Impairment loss on other intangible assets	28,673	10,725	–	39,398
Impairment loss on other assets	3,663	–	–	3,663
Additions to segment non-current assets	13,906	64,276	1,111	79,293
At 30 June 2022				
Segment assets	418,113	546,820	46,447	1,011,380
Segment liabilities	47,131	37,875	6,271	91,277

Reconciliations of reportable segment loss, assets and liabilities:

	2023	2022
	HK$'000	*HK$'000*
Loss		
Total loss of reportable segments	**(83,307)**	(158,222)
Fair value loss on financial assets at fair value through profit or loss ("**FVTPL**"), net	**(26,144)**	(17,170)
Impairment loss on goodwill	**–**	(10,564)
Loss on deregistration of subsidiaries, net	**(47)**	–
Loss on disposal of subsidiaries, net	**–**	(30)
Unallocated amounts:		
Other corporate expenses	**(16,098)**	(23,170)
Consolidated loss for the year	**(125,596)**	(209,156)
Assets		
Total assets of reportable segments	**922,753**	1,011,380
Unallocated amounts:		
Investments	**68,381**	118,110
Other corporate assets	**82,375**	95,066
Consolidated total assets	**1,073,509**	1,224,556
Liabilities		
Total liabilities of reportable segments	**82,856**	91,277
Unallocated amounts:		
Other corporate liabilities	**20,583**	24,930
Consolidated total liabilities	**103,439**	116,207

Geographical information:

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

	Revenue		**Non-current assets**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**47,282**	51,451	**2,816**	3,306
PRC except Hong Kong	**393,318**	449,767	**406,005**	435,030
Others	**–**	–	**468**	–
Consolidated total	**440,600**	501,218	**409,289**	438,336

Revenue from major customer:

For the years ended 30 June 2023 and 2022, the revenue from the Group's largest customer accounted for less than 10% of the Group's total revenue and accordingly, no major customer information is presented.

5. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on borrowings	**150**	42
Interest expenses on lease liabilities	**400**	394
	550	436

6. INCOME TAX CREDIT

	2023	2022
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
Under-provision in prior years	**–**	14
Deferred tax	**(133)**	(229)
	(133)	(215)

Under the Two-tiered Profits Tax Rates Regime, the first HK$2 million of assessable profits of the qualifying Group entity established in Hong Kong will be taxed at 8.25%, and assessable profits above that amount will be subject to the tax rate of 16.5%. The assessable profits of the Group entities not qualifying for the Two-tiered Profits Tax Rates Regime will continue to be taxed at a rate of 16.5%.

Tax charges on profits assessable elsewhere in other jurisdictions have been calculated at the rates of tax prevailing in the relevant jurisdictions in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

According to the Macau Decree-Law No. 15/2018 in relation to repeal the regime of offshore service of Macau, the offshore permits of two subsidiaries operating in Macau were terminated on 1 January 2021. Upon the termination of permits, the subsidiaries have been transformed as Macau local companies which is subject to Macau Profit Tax at the rate of 12% (2022: 12%) in compliance with relevant Macau tax regulations.

The provision for income tax of subsidiaries operating in the PRC have been calculated at the rate of 25% (2022: 25%), based on existing legislation, interpretation and practices in respect thereof.

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

	2023				2022			
	Macau	**Hong Kong**	**PRC**	**Total**	Macau	Hong Kong	PRC	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Loss before tax	**(4,643)**	**(39,793)**	**(81,293)**	**(125,729)**	(56,239)	(46,444)	(106,688)	(209,371)
Applicable income tax rate	**12.00%**	**16.50%**	**25.00%**		12.00%	16.50%	25.00%	
Tax at the applicable income tax rate	**(557)**	**(6,566)**	**(20,323)**	**(27,446)**	(6,749)	(7,663)	(26,672)	(41,084)
Tax effect of income not taxable	**–**	**(214)**	**(3,817)**	**(4,031)**	–	(55)	(2,209)	(2,264)
Tax effect of loss and expenses not deductible	**557**	**5,255**	**22,108**	**27,920**	6,495	6,520	27,348	40,363
Tax effect of unused tax losses not recognised	**–**	**890**	**2,000**	**2,890**	–	1,005	1,812	2,817
Tax effect of utilisation of tax losses not previously recognised	**–**	**–**	**–**	**–**	–	(113)	–	(113)
Tax effect of unrecognised temporary difference	**–**	**282**	**252**	**534**	254	(213)	11	52
Under-provision in prior years	**–**	**–**	**–**	**–**	–	14	–	14
Income tax (credit)/expense	**–**	**(353)**	**220**	**(133)**	–	(505)	290	(215)

7. LOSS FOR THE YEAR

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

	2023	2022
	HK$'000	*HK$'000*
Amortisation of other intangible assets	**–**	15,454
Auditors' remuneration		
Audit services	**2,608**	2,619
Non-audit services	**181**	–
	2,789	2,619
Cost of inventories sold	**408,195**	460,832
Depreciation on fixed assets, net of amount capitalised	**17,005**	14,183
Depreciation on right-of-use assets, net of amount capitalised	**10,295**	12,565
Exchange losses, net	**1,026**	631
Fair value loss on financial assets at FVTPL, net	**26,144**	17,170
Loss on deregistration of subsidiaries, net (included in other operating expenses)	**47**	–
Loss on disposal of fixed assets, net	**1**	–
Loss on disposal of subsidiaries, net (included in other operating expenses)	**–**	30
Loss on redemption of financial assets at FVTPL, net	**–**	428
Impairment loss on fixed assets	**–**	16,085
Impairment loss on right-of-use assets	**–**	1,765
Impairment loss on goodwill	**–**	10,564
Impairment loss on other intangible assets	**–**	39,398
Impairment loss on other assets	**–**	3,663
Impairment loss on prepayments, deposits and other receivables	**–**	12,221
Impairment loss on trade receivables	**3,485**	2,624
Reversal of impairment loss on trade receivables	**(7)**	(2,239)
Reversal of impairment loss on other receivables	**(674)**	(3,623)
Fixed assets written off	**358**	775
Other receivables written off	**–**	1,459
Rental income #	**(724)**	(940)
Staff costs (excluding directors' emoluments)		
Staff salaries, bonus and allowances	**21,482**	21,133
Retirement benefits scheme contributions	**522**	592
	22,004	21,725

Included in sales of agri-products in note 3.

8. DIVIDENDS

The Board does not recommend the payment of a final dividend in respect of the year ended 30 June 2023 (2022: HK$Nil).

9. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$125,596,000 (2022: HK$216,128,000) and the weighted average number of ordinary shares of 2,101,407,182 (2022: 2,000,523,700) in issue during the year.

Diluted loss per share

No diluted loss per share is presented as the Company did not have any potentially dilutive ordinary shares for both years ended 30 June 2023 and 2022.

10. TRADE RECEIVABLES

		2023	2022
		HK$'000	*HK$'000*
Trade receivables arising from			
Trading	*(note (a))*	**187,319**	230,110
Dealing in securities and margin financing			
— Cash clients	*(note (b))*	**6,899**	7,088
— Margin clients	*(note (c))*	**33,961**	38,259
		228,179	275,457
Impairment loss on trade receivables		**(25,881)**	(22,403)
		202,298	253,054

Notes:

(a) For trade receivables arising from trading, the Group normally allows credit terms to established customers ranging from 30 to 210 days (2022: 30 to 210 days).

The aging analysis of trade receivables arising from trading, net of impairment loss, based on the date of recognition of the sale, is as follows:

	2023	2022
	HK$'000	*HK$'000*
1–30 days	**49,961**	33,591
31–60 days	**34,573**	24,026
61–90 days	**27,436**	26,105
Over 90 days	**70,619**	141,658
	182,589	225,380

At 30 June 2023, trade receivables arising from trading of approximately HK$5,457,000 (2022: HK$6,194,000) were past due but not impaired. The Group does not hold any collateral over these balances. These relate to a number of independent customers for whom there is no recent history of default. The amounts had been settled subsequent to the reporting period. The aging analysis of these trade receivables is as follows:

	2023	2022
	HK$'000	*HK$'000*
Up to 90 days	**5,450**	6,105
Over 90 days	**7**	89
	5,457	6,194

As at 30 June 2023, trade receivables arising from trading are unsecured and interest-free.

(b) Cash client receivables arising from dealing in securities which are neither past due nor impaired of approximately HK$96,000 (2022: HK$527,000) represent unsettled client trades on various securities exchanges transacted on the last two business days prior to the end of the reporting year. Such cash client receivable is considered as past due when the client fails to settle its securities trading balances on the settlement date. At 30 June 2023, cash client receivables of approximately HK$6,803,000 (2022: HK$6,561,000) were past due. These past due cash client receivables were substantially settled after the year end date, except for approximately HK$5,839,000 (2022: HK$5,470,000) for which impairment loss of approximately HK$369,000 (2022: HK$361,000) was recognised during the year. No aging analysis is disclosed as, in the opinion of the Directors, an aging analysis does not give additional value in view of the nature of these cash client receivables arising from dealing in securities.

As at 30 June 2023, cash client receivables from dealing in securities past due are unsecured and bear interest of 9.25% per annum (2022: 9.25% per annum).

(c) Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities. The amount of credit facilities granted to the margin clients is determined with reference to the market value of securities accepted by the Group. Margin loans due from margin clients are either current or repayable on demand for those margin clients subject to margin calls. No aging analysis is disclosed as, in the opinion of the Directors, aging analysis does not give additional analysis value in view of the nature of these trade receivables from margin clients.

As at 30 June 2023, margin client receivables arising from margin financing are interest-bearing at rates ranging from 6% to 8% per annum (2022: 6% to 8% per annum).

As at 30 June 2023, the total market value of securities pledged as collateral in respect the margin loans to customers are approximately HK$28,243,000 (2022: HK$50,719,000).

11. TRADE PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables arising from		
Trading	**57,097**	65,600
Dealing in securities		
— Cash clients	**6,919**	3,783
— Clearing house	**90**	87
	64,106	69,470

The trade payables to cash clients arising from dealing in securities are repayable on demand. The Group has a practice to satisfy all the requests for payment within one business day. Trade payables to clearing house arising from dealing in securities represents unsettled trades on various securities exchanges transacted on the last two business days prior to the end of the reporting year. No aging analysis is disclosed as, in the opinion of the Directors, the aging analysis does not give additional value in view of the nature of these businesses.

The aging analysis of trade payables arising from trading, based on the date of receipt of goods purchased, is as follows:

	2023	2022
	HK$'000	*HK$'000*
1–30 days	**35,403**	37,149
31–60 days	**20,790**	20,972
61–90 days	**904**	7,409
Over 90 days	**–**	70
	57,097	65,600

Trade payables to cash clients arising from dealing in securities also include those payables where the corresponding clients' monies are placed in trust and segregated accounts with authorised financial institutions of approximately HK$7,199,000 (2022: HK$3,715,000).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During FY2022/23, the Group are principally engaged in (i) the trading of packaged foods, beverages and household consumable products (the "**FMCG Trading Business**"); (ii) the trading of agri-products ("**Agri-Products Trading Business**") and the upstream farming business ("**Upstream Farming Business**") (collectively the "**Agri-Products Business**"); and (iii) other businesses primarily arising from the securities brokerage and margin financing business (the "**Other Business**"). The first two businesses come together to form two vertically integrated supply chains allowing the Group to effectively deliver perishable and non-perishable consumer products in China.

During FY2022/23, the global economy has been facing a number of challenges, persistently high inflation in most of countries triggered a string of tightening measures and interest rate hikes, coupled with Russia-Ukraine war, which led to a sharp slowdown and an enduring setback in the global economic development, especially the emerging market broadly facing financial stress and debt pressure. In China, the Chinese government continued to implement stringent and widespread lockdown measures to curb the novel coronavirus disease 2019 (COVID-19) (the "**pandemic**") during the first half of FY2022/23. Although China had loosened up the pandemic-related containment measures since December 2022, the post-pandemic economic growth still fell short of expectation. China's GDP grew 5.5% in the first half of 2023, largely thanks to the pandemic-induced low base last year, reflecting the lack of growth momentum after the reopening of the economy. Meanwhile, the jobless rate for the 16–24 age group hit a new high of 21.3% in June 2023, up from 20.8% in May 2023. The retail sales growth had double digit growth in April and May 2023 from a very low base last year, but diminished to merely 3.1% in June 2023, implying consumers remained quite reluctant to spend. On the other hand, the competition from domestic products remained fierce, especially considering their overwhelming advertisements and promotions. In the light of the overall sluggish economic environment, the Group's turnover also decreased by approximately 12.1% compared to the last financial year, whereas the gross profit margin increased remarkably, primarily attributable to the decrease in the amortisation of other intangible assets recognised through cost of sales as well as the Group's post-pandemic pricing strategy by reducing discounts and promotions.

During the financial year, the Group continued to carefully review our businesses and trim down unprofitable operations. Although the border restrictions between Hong Kong and China had been removed during the first half of 2023, the number of the mainland tourists and their purchasing power were still far below the pre-pandemic levels. Therefore, the Group decided to terminate its operations in the tourist retailing business during the financial year in order to save various operating expenditures such as rental expenses and salaries. On the other hand, the Hong Kong capital market activities were also sluggish and slow despite the reopening of Chinese economy. The underlying weak economic environment persistently hindered the capital market recovery in Hong Kong.

Furthermore, the Group has gradually trimmed down its operations in the securities brokerage and margin financing business during the financial year under review in view of the market conditions and its keen competition. The revenue of the securities brokerage and margin financing business decreased by approximately 21.2% compared to the last financial year. The Group is scheduling to pull out of this business segment due to the weakening capital market conditions and its expected slow recovery pace in order to cut losses from this business segment.

On 9 December 2021, the Group completed the acquisition of 17.5% equity interest in First Bullion Holdings Inc. ("**First Bullion**") as an investment in the virtual asset trading exchange business. During FY2022/23, the digital asset industry experienced significant turbulence such as the collapse of several major exchanges and the escalation in the regulatory reforms initiated by various major regulators across the world. As a result of the high volatility and turbulence in the digital asset industry, and the resultant weak performance of First Bullion, according to the valuation report applying the market approach prepared by an independent professional valuer, the fair value of 17.5% equity interest in First Bullion has dropped to approximately HK$0.4 million which led to an impairment loss of approximately HK$9.5 million for FY2022/23.

Although the impact from the pandemic has been diminishing, the operating environment remained challenging. The high inflation and interest rate environment with low economic growth, the intensifying and persistent political tensions, the rise on protectionism and the increasing competition from domestic brands continuously cast a gloom over the Group's various businesses. The Group will continue to adopt conservative stance on future developments, implement cost-saving initiatives and ensure a strong and healthy financial position to weather any unforeseeable headwinds.

FINANCIAL PERFORMANCE

During the financial year under review, the Group generated total revenue of approximately HK$440.6 million as compared to approximately HK$501.2 million for FY2021/22, representing a fall of approximately 12.1%. The decline in revenues was mainly attributable to the decrease in the revenues from the traditional trading businesses, including the FMCG Trading Business and the Agri-Products Trading Business, as well as the decrease in the revenue contribution from the Upstream Farming Business. The adverse impact from the pandemic was particularly severe in the first half of FY2022/23, during which the Chinese government implemented stringent and widespread lockdown measures that caused significant supply chain disruptions and low market demand. Following the reopening of the economy in the second half of FY2022/23, the operating environment remained challenging, the customers still took cautious stance to place orders amid a weak economy backdrop. On the other hand, the purchase costs for certain import products have been surging significantly, which further put the Group's imported products at a disadvantage, especially considering the increasingly fierce competition from domestic products. In the meantime, the Group gradually normalized and set up post-pandemic pricing strategies by increasing selling prices and reducing discounts that had been offered to our loyal customers during the pandemic, which also reduced sales volume of the Group's traditional trading businesses.

On the other hand, the revenue of the securities brokerage and margin financing business also declined primarily due to the weak capital market activities, in particular for the Hong Kong market.

Gross profit margin increased from approximately 4.0% to approximately 7.1% compared to FY2021/22. The increase was mainly attributable to the less amortisation for other intangible assets recognised through cost of sales during FY2022/23. During the last financial year, a substantial amount of other intangible assets, primarily representing rights for distributions whose amortisation were included in cost of sales and selling and distribution expenses, were impaired. As a result, the carrying amount of such other intangible assets and thus its amortisation were lower than those of the last financial year. Additionally, the Group increased selling prices and reduced certain amount of discounts in order to cope with the increase in the purchase costs and normalize the post-pandemic pricing strategies. Although the business volume was unavoidably abated by this move, the gross profit margin recorded an improvement during the financial year under review.

Changes in fair value due to biological transformation increased from approximately HK$31.4 million to approximately HK$41.9 million. The increase was mainly attributable to the increase in the plantation costs and overheads from larger scale of operations.

Other gains and income remained stable at approximately HK$10.1 million compared to approximately HK$10.2 million in FY2021/22. The gains and income mainly represented an interest income of approximately HK$4.3 million derived from the investment in a convertible bond issued by China Healthwise Holdings Limited ("**China Healthwise**"), an interest income from bank deposits of approximately HK$2.6 million, government grant of approximately HK$1.4 million and other miscellaneous income of approximately HK$1.8 million.

Selling and distribution expenses decreased by approximately 27.9% from approximately HK$42.3 million to approximately HK$30.5 million compared to FY2021/22, representing approximately 6.9% of total revenue (FY2021/22: 8.4%). The decrease in the selling and distribution expenses as a percentage of turnover was mainly attributable to the less amortisation for other intangible assets recognised through selling and distribution expenses during the financial year under review. The commencement of the operations of the new food processing centre in Dongguan also contributed to the decrease in selling and distribution expenses, which effectively lowered the transportation costs thanks to its proximity to various destinations. Additionally, the decrease in sales commission, promotion, and handling and distribution expenses for the traditional trading business, and using more outsourced logistics instead of our own transportation team continuously decreased selling and distribution expenses. Selling and distribution expenses included, among others, promotion campaigns for the development of sales and marketing channels, outlays on brand building, freight and transportation, commission as well as sales force, handling and distribution expenses all together spent in support of the Group's sales activities.

Administrative expenses decreased by approximately 0.2% from approximately HK$64.4 million to approximately HK$64.3 million compared to FY2021/22. The slight decrease was a combination of the Group's various cost saving initiatives, the trimming down of some unprofitable operations such as the securities brokerage and margin financing business and the termination of the tourist retailing business and offset by the surging costs such as fixed assets depreciation, energy and office consumables caused by inflation.

Impairment losses on trade receivables and deposits and other receivables were approximately HK$2.8 million (FY2021/22: HK$3.3 million) as the Group has continued to take a cautious approach on the receivables that exposed to a higher risk of collectability given these tumbling and uncertain economic conditions.

Other operating expenses decreased from approximately HK$97.6 million to approximately HK$27.2 million. The expenses mainly represented a fair value loss on the investments in shares in Global Mastermind Holdings Limited ("**Global Mastermind**"), shares in First Bullion, and a convertible bond issued by China Healthwise of approximately HK$7.4 million, approximately HK$9.5 million and approximately HK$9.2 million respectively, and exchange losses of approximately HK$1.1 million.

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

Net loss for the year ended 30 June 2023 was approximately HK$125.6 million (FY2021/22: HK$209.2 million). The decrease in the net loss was mainly attributable to a combination of approximately 3.1% increase in gross profit margin, approximately 27.9% decrease in selling and distribution expenses, approximately HK$70.4 million decrease in other operating expenses, and partly offset by approximately 12.1% decrease in turnover and approximately HK$10.5 million increase in changes in fair value due to biological transformation.

BUSINESS REVIEW

FMCG Trading Business

The FMCG Trading Business sells packaged foods, beverages and household consumable products into the domestic Chinese market. These products are largely sourced overseas through the Group's wide-reaching global procurement network and are imported primarily from Australasia, Europe, the Americas and South East Asia. The FMCG Trading Business contributed approximately HK$273.7 million in revenues to the Group for FY2022/23, decreased by approximately 5.8% from that contributed in FY2021/22. The decrease in revenues was primarily attributable to the impact from the pandemic, the weak market demand and the fierce competition against domestic brands. During the financial year under review, the Group faced various difficulties such as supply chain disruptions caused by the pandemic, increase in purchase costs due to inflation and the difficulty in restocking inventories. While our customers placed orders cautiously in the wake of the weak macroeconomic environment and the tight liquidity environment, the Group also adopted more restrictive credit policies, which further decreased the number of order placements.

Notwithstanding the increasingly keen competition from domestic brands, the Group continued to reduce certain amount of discounts and promotions that were originally incentivized our customers during the pandemic. The business volume was further abated by this move, but it facilitated normalizing the Group's post-pandemic pricing strategy and maintaining more stable gross profit margins. Additionally, the Group had been acquiring rights for distribution of certain FMCG and fresh fruit products in China and had accounted for as other intangible assets over the years. During the last financial year, a substantial amount of such other intangible assets were impaired because of the business uncertainties caused by the pandemic and weak economic conditions. As a result, the carrying amount of such other intangible assets and its amortisation that were recognised in cost of sales were substantially lower, leading to an improvement in gross profit margin compared to last financial year.

This business unit can be classified into three categories including packaged foods, beverages and household consumable products with their respective contribution of approximately 80%, 15% and 5%. Packaged foods, including biscuits, candies, chocolate, condiments, margarine, milk powder products, healthy food, noodles, snacks, rice and nourishing and exclusively licensed branded products, remained as the most important category, followed by beverage products. The Group continuously reviewed its product portfolio and trimmed down the trading of certain unprofitable products. Going forward, although the operating environment is fraught with challenges such as the surging import costs and the intense competition in the Chinese consumer market, the Group will aim to maintain stable revenue and gross profit margin by using flexible pricing strategy and refining product mix.

Agri-Products Business

The Agri-Products Business contains trading fresh produce imported from countries like Australasia and South East Asia as well as upstream cultivations in China. This business unit generated approximately HK$163.6 million for the FY2022/23, decreased by approximately 20.8% as compared to approximately HK$206.6 million generated in FY2021/22, primarily attributable to the decrease in the revenue of the Agri-Products Trading Business. The Upstream Farming Business also suffered from the pandemic and weak market demand, thus recording a fall of approximately 10.1% compared to the last financial year.

Agri-Products Trading Business

Similar to the FMCG Trading Business, this business segment was severely affected by the pandemic during the second half of 2022, followed by a wave of COVID-19 outbreak in early 2023 that further depressed business operations and consumer sentiment in the PRC. While the lockdowns and other anti-pandemic measures negatively disrupted its supply chain and logistics, customers took more cautious stance to place orders in view of the short life cycle and perishable nature of agricultural products. The downturn has been deteriorating after the reopening of China, primarily stemmed from the outbreak of COVID-19, weak market demand and tight liquidity conditions. On the other hand, the competition of the Chinese fresh produce market was very intense as the gap in product quality and product variety between domestic fresh produce and imported fresh produce have been shrinking over past few years, not to mention their price advantage due to rapid increase in purchase costs for imported agricultural products during the financial year under review. As a result, the revenue of the Agri-Products Trading Business, in particular the imported agricultural products, declined noticeably during FY2022/23. In the meantime, the Group has been continuously developing its trading business for domestic fresh produce as a supplementary business to counteract the unstable supply chain and the surging purchase costs for the imported agricultural products. Therefore, the revenue of the trading business for domestic fresh produce remained stable in the midst of the sluggish macro environment, and the percentage of its revenue over the total revenue of the Agri-Products Trading Business recorded a growth compared to the last financial year, primarily attributable to the drop of the imported fresh produce revenue.

During the financial year under review, the new centre for food processing and warehouse storage for agri-products in Dongguan has commenced its operations, which has effectively smoothed the operations by increasing the operation capacity and lower the transportation costs. The new processing centre is equipped with advanced machineries and processing lines where primarily serves the Group's Agri-Products Trading Business in southern China.

Upstream Farming Business

During the financial year under review, the Group continued to carefully operate in the plantations of early crop oranges and ponkans in the Jiangxi's farming base. The revenue of the upstream farming business decreased by approximately 10.1% from approximately HK$15.7 million to approximately HK$14.1 million compared to the last financial year. The decrease was primarily attributable to the pandemic and the weak market demand, but the decline was relatively modest compared to that of the Agri-Products Trading Business, especially compared to the imported agricultural products. Although the impact from the pandemic has been shrinking, the inclement weather and the rising cultivation costs continuously affected the operations of this business segment. Worse still, the increase in domestic production and the weak market demand after the pandemic suppressed the Group's ability to pass on the increased costs to customers. Notwithstanding the above difficulties, the Group's self-grown products have gained tractions over past few years by virtue of the improved cultivation skills and more efficient distribution channels accumulated by years of operations. The Group continued to improve its agricultural skills through strengthening research and development by setting up a research and development centre and cooperating with other external experts.

To facilitate the development of the Upstream Farming Business, the Group has been developing an agricultural science industrial park (the "**agricultural industrial park**") which comprised various facilities such as the research and development centre, a fruit processing centre and some agri-tourism recreational facilities like restaurant, souvenir shops and accommodation. During the financial year, the fruit processing centre commenced its operations to provide a wide range of functions including fruit washing, packing and storage, which would effectively enhance product quality assurance and brand building. In view of the uncertainties caused by the pandemic and weak macro economic environment, the agri-tourism facilities will be carefully developed based on the pace of market recovery.

Other Business

The Other Business contains providing securities trading, margin financing and IPO subscription brokerage services through Sino Wealth Securities Limited. The revenue of the securities brokerage and margin financing business, primarily brokerage commission and margin financing interest income, decreased by approximately 21.2% compared to the last financial year. The decrease in the revenue of the securities brokerage and margin financing business was primarily attributable to the weak Hong Kong capital market during the financial year under review. Although the reopening of Chinese economy had boosted the market conditions for a short period of time, the rebound was short-lived and the market was persistently hindered by interest rate hikes and the weak economic growth in China. In view of the market volatility and the increased risks of margin financing business amid the high interest rate environment, the Group has gradually trimmed down its operations in this business unit to reduce various expenses and operation risks. The Group is scheduling to pull out of this business segment due to weakening capital market conditions, keen competition and expected slow recovery pace in order to cut losses from this business segment. On the other hand, the Group decided to completely terminate its operations in the tourist retailing business because the number of the mainland tourists and their purchasing power were still far below the pre-pandemic levels after the removal of the border restrictions. The termination of this business unit could reduce various operating expenses such as rental expenses and staff salaries.

During FY2022/23, the digital asset industry experienced significant turbulence such as the collapse of several major exchanges and the escalation in the regulatory reforms initiated by various major regulators across the world. Many investors have opted to sell or exit digital assets and the demand for securities token offering and cryptocurrency trading has severely decreased. As a result, the business performance of First Bullion has been hit the hardest. The Group's investment in First Bullion was recognised as an investment in financial asset at fair value through profit or loss. As a result of the high volatility and turbulence in the digital asset industry, and the resultant weak performance of First Bullion, according to the valuation report applying the market approach prepared by an independent professional valuer, the fair value of 17.5% equity interest in First Bullion has dropped to approximately HK$0.4 million which led to an impairment loss of approximately HK$9.5 million for FY2022/23.

On 28 December 2021, the Group entered into a memorandum of understanding (the "**MOU**") which was valid for one year for a possible cooperation in matters of environmental issue such as carbon neutrality and green finance with Allied Sustainability and Environmental Consultants Group Limited ("**AEC Group**"), a company listed on GEM of the Stock Exchange (stock code: 8320). As the Group and AEC Group were unable to agree on the terms of the binding agreement within the validity period, the negotiations and discussions between the Group and AEC Group have been terminated. Accordingly, the MOU lapsed on 28 December 2022 and the possible cooperation contemplated under the MOU will not proceed. The lapse of the MOU and the termination of the possible cooperation will not have any material adverse impact to the business or financial position of the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

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

1) Economic and Financial Market Volatility

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

2) Increasing Market Competition

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

3) Increasing Political Risks

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

4) **Supply Chain Risk**

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

5) **Inclement Weather Condition**

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

6) **Financial Risk**

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

KEY RELATIONSHIP

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

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

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

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

During FY2022/23, there was no material and significant dispute between the Group and its employees, suppliers and customers.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During FY2022/23, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

SIGNIFICANT INVESTMENT HELD AND ITS PERFORMANCE

At 30 June 2023, the Group held a convertible bond issued by China Healthwise.

China Healthwise is a listed company of the main board of the Stock Exchange and together with its subsidiaries are principally engaged in sale of Chinese health products, money lending business and investment in financial instruments. In October 2018, the Group subscribed a convertible bond issued by China Healthwise for HK$120.0 million and up to 30 June 2023, China Healthwise has redeemed in total HK$47.7 million of the bond. As at 30 June 2023, the outstanding principal amount was HK$72.3 million and the fair value of the Group's investment in the convertible bond issued by China Healthwise was approximately HK$63.2 million (30 June 2022: HK$72.4 million), representing approximately 5.9% (30 June 2022: 5.9%) of the Group's total assets, and recorded a fair value loss on investment of approximately HK$9.2 million and an interest income of approximately HK$4.3 million during the financial year.

On 17 August 2022, the Group and China Healthwise entered into the second supplemental agreement (the "**Second Supplemental Agreement**") for amending the subscription agreement to amend and extend the maturity date of the convertible bond from 10 October 2022 to 10 October 2024 and reduce the conversion price from HK$1.00 per conversion share to HK$0.38 per conversion share. In the event of the exercise of the conversion rights based on the proposed amendments, a maximum of 190,263,157 new shares will be allotted and issued by China Healthwise, which represents approximately 19.80% of the issued share capital as enlarged by the issue and allotment of the new shares. An extraordinary general meeting was held on 7 October 2022 and shareholders' approval was obtained for the Second Supplemental Agreement.

The objective for the above investment is to better utilise the Group's available cash and seek higher interest income and potential capital gain in view of the uncertain global trading market.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a strong financial position throughout the year under review. The Group financed its operations and business development with internally generated resources and banking facilities.

At 30 June 2023, the Group had interest-bearing borrowings of approximately HK$10.5 million (30 June 2022: HK$12.6 million) of which all borrowings were denominated in Hong Kong dollars and all would mature within one year. All of the Group's bank borrowings at 30 June 2023 were floating-interest bearing and secured by corporate guarantees provided by the Company and certain subsidiaries of the Company, charge over investments of a subsidiary in carrying amount of approximately HK$0.1 million (30 June 2022: HK$0.1 million) and pledged bank deposits of certain subsidiaries in carrying amount of approximately HK$12.2 million (30 June 2022: HK$16.2 million).

A significant portion of sales, purchases, services income and bank and cash equivalents of the Group were either denominated in Renminbi, Hong Kong dollars or US dollars. The Group will closely monitor the foreign currency exposure and may consider arranging for hedging facilities when it is necessary. At 30 June 2023, the Group did not have any significant hedging instrument outstanding.

At 30 June 2023, the Group's current assets amounted to approximately HK$591.8 million (30 June 2022: HK$767.7 million) and the Group's current liabilities amounted to approximately HK$85.4 million (30 June 2022: HK$95.1 million). The Group's current ratio maintained at a level of approximately 6.9 at 30 June 2023 (30 June 2022: 8.1). At 30 June 2023, the Group had total assets of approximately HK$1,073.5 million (30 June 2022: HK$1,224.6 million) and total liabilities of approximately HK$103.4 million (30 June 2022: HK$116.2 million) with a gearing ratio of approximately 1.0% (30 June 2022: 1.0%). The gearing ratio was expressed as a ratio of total bank borrowings to total assets. The Group's gearing ratio remained at a fairly low level as at 30 June 2023 and 2022.

USE OF PROCEEDS FROM RIGHTS ISSUE

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

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

Approximate HK$ million	Planned use of proceeds as disclosed in the announcement of the Company dated 10 March 2021	Remaining proceeds as at 30 June 2022	**Utilised during the year ended 30 June 2023**	**Utilised as at 30 June 2023**	**Remaining Proceeds as at 30 June 2023**	Expected timeline for the intended use
(i) Securities brokerage business for compliance with its financial resources and for future expansion purpose	80.0	–	**–**	**80.0**	**–**	–
(ii) Upgrade of cold storage and logistics facilities in Shanghai	12.0	–	**–**	**12.0**	**–**	by 31 December 2021
(iii) Renovation and equipping of fruit processing centre in Jiangxi	14.0	–	**–**	**14.0**	**–**	by 30 June 2022
(iv) Installation of cold storage and logistics facilities in Jiangxi	17.0	3.9	**3.9**	**17.0**	**–**	by 31 October 2022
(v) Set up of new processing agri-product centre in Dongguan	34.0	3.9	**3.9**	**34.0**	**–**	by 31 December 2022
(vi) Research and development expenses in upstream farming	4.0	–	**–**	**4.0**	**–**	by 31 March 2022
(vii) Set up of an agricultural research and test-lab centre in Jiangxi *(Note 1)*	6.0	4.5	**3.0**	**4.5**	**1.5**	by 30 June 2024
(viii) Promotion and marketing activities *(Note 2)*	10.0	6.8	**2.1**	**5.3**	**4.7**	by 30 June 2024
(ix) Set up of an agri-tourism park with various facilities in Jiangxi *(Note 3)*	27.0	19.7	**10.6**	**17.9**	**9.1**	by 30 June 2024
(x) Working capital and general corporate purposes	3.3	–	**–**	**3.3**	**–**	by 30 June 2022
Total	207.3	38.8	**23.5**	**192.0**	**15.3**	

Notes:

1. The expected timeline for the planned use of proceeds of HK$6.0 million for set up of an agricultural research and test-lab centre in Jiangxi was by 30 June 2023 as disclosed in the 2022/23 Interim Report.

2. The expected timeline for the planned use of proceeds of HK$10.0 million for promotion and marketing activities was by 30 June 2023 as disclosed in the 2022/23 Interim Report.

3. The expected timeline for the planned use of proceeds of HK$27.0 million for set up of an agri-tourism park with various facilities in Jiangxi was by 30 June 2023 as disclosed in the 2022/23 Interim Report.

REASONS FOR THE DELAY IN USE OF PROCEEDS

Referring to the expected timelines disclosed in the 2022/23 Interim Report, there were delays in expected timelines for certain planned use of proceeds (Notes 1 to 3). These delays were due to the disruption of pandemic and lockdown measures in the PRC during the year ended 30 June 2023, hence these remaining proceeds at 30 June 2023 were extended to their respective timelines as disclosed above.

Save for the aforesaid delays in expected timelines for certain planned use of proceeds, there are no other changes in the use of the proceeds from Rights Issue.

NUMBER AND REMUNERATION OF EMPLOYEES

At 30 June 2023, the Group had 280 employees for its operations in China, Hong Kong and Macau. The Group's employees are remunerated in accordance with their work performance and experience. The Group also participates in a retirement benefit scheme for its staff in the PRC and a defined Mandatory Provident Fund Scheme for its staff in Hong Kong. For the year ended 30 June 2023, no forfeited contributions by the Group on behalf of employees who leave the scheme prior to vesting fully in such contributions was used by the Group to reduce the existing level of contributions. The Group provides various trainings to employees including but not limited to induction training, on-the-job training provided by department heads and sponsorship program for position-related self-education and professional qualification.

SHARE OPTION SCHEME

The Group has adopted a share option scheme on 21 December 2018 of which the Board may, at its discretion, grant options to eligible participants of the share option scheme. During the year ended 30 June 2023, no share options were granted or to be granted, exercised, cancelled nor lapsed and the Company had no share options outstanding under the share option scheme at 30 June 2023 (30 June 2022: Nil). The number of options available for grant under the share option scheme mandate at 1 July 2022 and 30 June 2023 was 187,269,618, which represented approximately 8.9% of the issued shares of the Company at the date of this announcement.

SHARE AWARD PLAN

The Group has adopted a share award plan (the "**Plan**") on 12 June 2020 of which the Board may, at its discretion, award shares to eligible participants of the Plan. Since the adoption date of the Plan and up to 13 December 2022, no share award has been made by the Company pursuant to the Plan and the trustee has not purchased any shares for the benefit of the Plan. Given that the Company does no expect to grant any awards under the Plan prior to its expiry and in order to reduce administrative cost, the Board has resolved to terminate the Plan with effect from 13 December 2022 (the "**Termination**"). No further award shall be granted upon the Termination.

DEVELOPMENT AND PROSPECTS

During FY2022/23, the global economic outlook continued to deteriorate despite the reopening of Chinese economy. The soaring inflation and interest rates, the deepening real estate crisis in China, geographical tensions and the increasing competition from domestic brands persistently worsen the overall operating environment and cast a gloomy outlook over the Group's businesses.

For the traditional trading businesses including the FMCG Trading Business and the Agri-Products Trading Business, the Group will continue to reinforce their operations by reinforcing the relationship with existing suppliers, sourcing more suitable and niche products for Chinese market. In view of uncertain economic outlook and surging purchase costs, the Group will effectively adjust selling prices to counteract the increase in purchase costs, and adopt more stringent credit policies to mitigate bad debt-related risks.

For the Upstream Farming Business, although the inclement weather and rising cultivation costs still posed a threat to the operations, its performance has been improving over past few years thanks to its improving agricultural operations and distribution channels. The Group will continue to carefully invest in this business unit, and enhance our agricultural skills by reinforcing research and development. The fruit processing centre has commenced its operations during the financial year, it is expected to bring more value to this business unit by facilitating brand building and expanding its distribution network over next few years. As part of the agricultural industrial park being developed, the Group will also carefully develop the agri-tourism business in line with the market demand and the financial viability.

In view of the uncertain global outlook, the Group will adopt a more conservative stance on future business developments and implement cost-saving initiatives to reduce operating costs. The Group will continue to evaluate each business unit for its development plan.

The financial results were hindered by the deteriorating macro environment, and many uncertainties remain elevated in the near future, including the high interest rate environment and the economic slowdown in China. The Group will exert every effort to ensure a strong and healthy financial position to weather any unforeseeable headwinds.

DIVIDEND

The Board does not recommend the payment of a final dividend for the financial year ended 30 June 2023 (2022: Nil).

CORPORATE GOVERNANCE

The Company has applied the principles of the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and complied with all the applicable code provisions of the CG Code throughout the financial year ended 30 June 2023, except with deviation from code provision C.2.1.

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Since March 2012, the Board has appointed Mr. Lam Kwok Hing ("**Mr. Lam**") as Chief Executive Officer in view of Mr. Lam's in-depth experience in the industry and the Group's overall operations. As a result of the appointment, the roles of Chairman and Chief Executive Officer are performed by Mr. Lam. Mr. Lam is the co-founder of the Group and has over 30 years' experience in the consumer products industry. In the context of the challenging business environment, the Board believes that a consistent leadership, effective and efficient planning and implementation of business decisions and strategies are of utmost importance. While all major decisions of the Group were made in consultation with and under due consideration and approval by the Board, the Board believes that by virtue of Mr. Lam's in-depth experience and understanding of the Group, vesting the roles of Chairman and Chief Executive Officer on Mr. Lam can generate benefits for the Group and shareholders as a whole and at the same time the balance of power and authority between the Board and the management of the Group is effectively maintained.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, they all confirmed that they had fully complied with the required standard set out in the Model Code throughout the financial year ended 30 June 2023.

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

Throughout the financial year ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF ANNUAL RESULTS

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 2023 as set out in the preliminary announcement have been reviewed by Audit Committee and agreed by the Group's auditors, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Hong Kong on the preliminary announcement.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is available for viewing on the websites of the Stock Exchange and the Company. The 2022/23 annual report of the Company will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Heng Tai Consumables Group Limited
Lam Kwok Hing
Chairman

Hong Kong, 28 September 2023

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Lam Kwok Hing (Chairman), Ms. Lee Choi Lin Joecy, Ms. Gao Qin Jian, Mr. Chan Cheuk Yu Stephen and Mr. Mok Tsan San; and three independent non-executive directors, namely Ms. Mak Yun Chu, Mr. Poon Yiu Cheung Newman and Mr. Hung Hing Man.