FOUR SEAS MERCANTILE HOLDINGS LIMITED
四洲集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 374)

ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 MARCH 2024

RESULTS

The board of directors (the "Board") of Four Seas Mercantile Holdings Limited (the "Company") announce the preliminary consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2024, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
REVENUE	4	**3,898,222**	4,150,886
Cost of sales		**(2,986,036)**	(3,271,572)
Gross profit		**912,186**	879,314
Other income and gains/(losses), net	4	**(1,415)**	19,219
Selling and distribution expenses		**(459,497)**	(466,414)
Administrative expenses		**(347,365)**	(360,245)
Other operating expenses, net		**(18,638)**	(21,099)
Finance costs	5	**(48,646)**	(27,565)
Share of profits and losses of joint ventures		**(2,299)**	-
Share of profits and losses of associates		**12,606**	6,758
PROFIT BEFORE TAX	3 & 6	**46,932**	29,968
Income tax credit/(expense)	7	**(13,636)**	13,390
PROFIT FOR THE YEAR		**33,296**	43,358
Attributable to:			
Equity holders of the Company		**34,657**	40,732
Non-controlling interests		**(1,361)**	2,626
		33,296	43,358
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
- Basic and diluted	9	**HK9.0 cents**	HK10.6 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2024

	2024	2023
	HK$'000	HK$'000
PROFIT FOR THE YEAR	**33,296**	43,358
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(52,790)**	(68,692)
Release of exchange fluctuation reserve for voluntary liquidation of foreign operations	**(138)**	-
Share of other comprehensive loss of associates	**(2,102)**	(3,809)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(55,030)**	(72,501)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Financial assets at fair value through other comprehensive income:		
- Changes in fair value	**6,545**	494
- Income tax effect	**(2,242)**	(169)
Defined benefit obligations:		
- Gains on remeasurement	**459**	421
- Income tax effect	**(157)**	(144)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**4,605**	602
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(50,425)**	(71,899)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(17,129)**	(28,541)
Attributable to:		
Equity holders of the Company	**(15,120)**	(30,470)
Non-controlling interests	**(2,009)**	1,929
	(17,129)	(28,541)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**740,905**	823,666
Investment properties		**34,445**	38,158
Goodwill		**101,740**	111,648
Other intangible assets		**42,976**	53,559
Investments in joint ventures		**4,558**	-
Investments in associates		**181,046**	175,782
Financial assets at fair value through profit or loss		**22,361**	32,304
Financial assets at fair value through other comprehensive income		**16,515**	11,102
Prepayments, deposits and other receivables		**28,281**	23,695
Tax recoverable		**25,936**	30,218
Deferred tax assets		**9,413**	8,768
Total non-current assets		**1,208,176**	1,308,900
CURRENT ASSETS			
Inventories		**269,280**	337,850
Trade receivables	10	**625,047**	661,136
Prepayments, deposits and other receivables		**128,087**	146,760
Tax recoverable		**563**	2,188
Financial assets at fair value through profit or loss		**58,608**	52,056
Cash and cash equivalents		**625,940**	735,180
		1,707,525	1,935,170
Non-current assets classified as held for sale		**12,442**	-
Total current assets		**1,719,967**	1,935,170
CURRENT LIABILITIES			
Trade payables, other payables and accruals	11	**489,748**	530,326
Interest-bearing bank borrowings		**858,841**	1,096,174
Lease liabilities		**114,656**	107,781
Tax payable		**15,558**	17,805
Total current liabilities		**1,478,803**	1,752,086
NET CURRENT ASSETS		**241,164**	183,084
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,449,340**	1,491,984

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2024

	2024	2023
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**40,384**	-
Lease liabilities	**140,455**	155,839
Other payables and accruals	**2,129**	2,676
Defined benefit obligations	**5,759**	6,740
Deferred tax liabilities	**10,861**	21,847
Total non-current liabilities	**199,588**	187,102
Net assets	**1,249,752**	1,304,882
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	**38,422**	38,422
Reserves	**1,185,196**	1,236,794
	1,223,618	1,275,216
Non-controlling interests	**26,134**	29,666
Total equity	**1,249,752**	1,304,882

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which have been measured at fair value. The financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

1. BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 April 2022. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets at 1 April 2022.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on geographical areas and has three reportable operating segments as follows:

(i) the Hong Kong segment is engaged in the manufacturing and trading of snack foods, confectionery, beverages, frozen food products, ham and ham-related products, noodles and the retailing of snack foods, confectionery and beverages, provision of catering services, and the operations of restaurants;

(ii) the Chinese Mainland segment is engaged in the manufacturing and trading of snack foods, confectionery, beverages, frozen food products, ham and ham-related products, noodles, and the operations of restaurants; and

(iii) the Japan segment is engaged in the wholesaling and distribution of snack foods and confectionery.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, dividend income and unallocated gains/losses, non-lease-related finance costs, share of profits and losses of joint ventures and associates and corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, investments in joint ventures and associates, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. OPERATING SEGMENT INFORMATION (continued)

2024

	Hong Kong *HK$'000*	Chinese Mainland *HK$'000*	Japan *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers*	**1,851,052**	**682,460**	**1,364,710**	**3,898,222**
Intersegment sales	**49,134**	**193,734**	**46,156**	**289,024**
Total segment revenue	**1,900,186**	**876,194**	**1,410,866**	**4,187,246**
Reconciliation:				
Elimination of intersegment sales				**(289,024)**
Total revenue				**3,898,222**
Segment results	**107,278**	**15,055**	**4,670**	**127,003**
Reconciliation:				
Interest income				**8,102**
Dividend income and unallocated losses, net				**(19,830)**
Finance costs (other than interest on lease liabilities)				**(41,093)**
Share of profits and losses of joint ventures				**(2,299)**
Share of profits and losses of associates				**12,606**
Corporate and other unallocated expenses				**(37,557)**
Profit before tax				**46,932**

2023

	Hong Kong *HK$'000*	Chinese Mainland *HK$'000*	Japan *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers*	1,831,336	750,532	1,569,018	4,150,886
Intersegment sales	41,598	205,754	78,260	325,612
Total segment revenue	1,872,934	956,286	1,647,278	4,476,498
Reconciliation:				
Elimination of intersegment sales				(325,612)
Total revenue				4,150,886
Segment results	72,720	9,073	578	82,371
Reconciliation:				
Interest income				5,463
Dividend income and unallocated losses, net				(7,370)
Finance costs (other than interest on lease liabilities)				(22,059)
Share of profits and losses of associates				6,758
Corporate and other unallocated expenses				(35,195)
Profit before tax				29,968

3. OPERATING SEGMENT INFORMATION (continued)

2024	Hong Kong	Chinese Mainland	Japan	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	**1,172,523**	**671,100**	**490,082**	**2,333,705**
Reconciliation:				
Elimination of intersegment receivables				**(350,502)**
Investments in joint ventures				**4,558**
Investments in associates				**181,046**
Corporate and other unallocated assets				**759,336**
Total assets				**2,928,143**
Segment liabilities	**536,954**	**264,116**	**302,179**	**1,103,249**
Reconciliation:				
Elimination of intersegment payables				**(350,502)**
Corporate and other unallocated liabilities				**925,644**
Total liabilities				**1,678,391**
Other segment information:				
Impairment of trade receivables	**715**	**280**	**630**	**1,625**
Write-down/(reversal of write-down) of slow-moving inventories	**(115)**	**3,466**	**(430)**	**2,921**
Depreciation and amortisation, except right-of-use assets	**22,168**	**45,920**	**11,491**	**79,579**
Depreciation of right-of-use assets	**106,204**	**17,031**	**7,304**	**130,539**
Impairment of items of property, plant and equipment, except right-of-use assets	**250**	**-**	**1,391**	**1,641**
Impairment of right-of-use assets	**1,550**	**-**	-	**1,550**
Loss on disposal/write-off of items of property, plant and equipment	**542**	**1,459**	**201**	**2,202**
Fair value loss/(gain) on investment properties	**-**	**437**	**(54)**	**383**
Capital expenditure**	**13,953**	**39,740**	**1,065**	**54,758**
Non-current assets***	**303,849**	**384,889**	**231,328**	**920,066**

3. OPERATING SEGMENT INFORMATION (continued)

2023	Hong Kong *HK$'000*	Chinese Mainland *HK$'000*	Japan *HK$'000*	Total *HK$'000*
Segment assets	1,261,818	735,328	583,339	2,580,485
Reconciliation:				
Elimination of intersegment receivables				(384,013)
Investments in associates				175,782
Corporate and other unallocated assets				871,816
Total assets				3,244,070
Segment liabilities	556,106	280,985	350,284	1,187,375
Reconciliation:				
Elimination of intersegment payables				(384,013)
Corporate and other unallocated liabilities				1,135,826
Total liabilities				1,939,188
Other segment information:				
Impairment of trade receivables	402	3,025	-	3,427
Write-down of slow-moving inventories	467	2,416	127	3,010
Depreciation and amortisation, except right-of-use assets	23,215	43,498	13,425	80,138
Depreciation of right-of-use assets	96,009	19,297	7,456	122,762
Impairment of items of property, plant and equipment, except right-of-use assets	788	-	-	788
Impairment of right-of-use assets	1,212	-	-	1,212
Loss on disposal/write-off of items of property, plant and equipment	1,864	185	318	2,367
Fair value loss on investment properties	-	229	-	229
Capital expenditure**	26,695	18,074	1,447	46,216
Non-current assets***	323,220	412,377	291,434	1,027,031

* The revenue information above is based on the locations of the customers, except for a subsidiary within the Japan segment whose sales to external customers of HK$73,158,000 (2023: HK$52,766,000) arising from Chinese Mainland.

** Capital expenditure consists of additions to property, plant and equipment, excluding right-of-use assets arising from leased buildings, furniture, fixtures and equipment, and motor vehicles.

*** The non-current assets information above is based on the locations of the assets, except for a subsidiary within the Japan segment whose non-current assets of HK$54,000 (2023: HK$26,000) is based in Chinese Mainland, and excludes financial instruments, deferred tax assets, tax recoverable and investments in joint ventures and associates.

4. REVENUE, OTHER INCOME AND GAINS/(LOSSES), NET

An analysis of revenue is as follows:

	2024	2023
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Sale of goods	**3,898,222**	4,150,886

Revenue from contracts with customers

(i) Disaggregated revenue information

	2024	2023
	HK$'000	*HK$'000*
Primary geographical markets:		
Hong Kong	**1,851,052**	1,831,336
Chinese Mainland	**682,460**	750,532
Japan*	**1,364,710**	1,569,018
Total revenue	**3,898,222**	4,150,886
Timing of revenue recognition:		
At a point in time	**3,898,222**	4,150,886

* Including revenue from contracts with customers of approximately HK$73,158,000 (2023: HK$52,766,000) arising from Chinese Mainland.

The amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period are as follows:

	2024	2023
	HK$'000	*HK$'000*
Sale of goods	**2,090**	2,397

4. REVENUE, OTHER INCOME AND GAINS/(LOSSES), NET (continued)

An analysis of revenue is as follows: (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within one to three months, extending up to four to five months for major customers, from delivery, except for new customers, where payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are as follows:

	2024	2023
	HK$'000	*HK$'000*
Amounts expected to be recognised as revenue:		
Within one year	**2,118**	2,090

The amounts of transaction prices allocated to remaining performance obligations are expected to be recognised as revenue within one year.

4. REVENUE, OTHER INCOME AND GAINS/(LOSSES), NET (continued)

An analysis of other income and gains/(losses), net is as follows:

	2024	2023
	HK$'000	*HK$'000*
Other income		
Bank interest income	**6,612**	4,789
Dividend income	**1,039**	3,659
Government subsidies*	**-**	75
Rental income from investment properties operating leases:		
Other lease payments, including fixed payments	**3,037**	3,129
Interest income	**1,490**	674
Refund of consumption tax	**-**	11,108
Others	**7,659**	7,043
Total other income	**19,837**	30,477
Gains/(losses), net		
Net fair value losses on investment properties	**(383)**	(229)
Net fair value losses on financial assets at fair value through profit or loss	**(20,869)**	(11,029)
Total losses, net	**(21,252)**	(11,258)
Total other income and gains/(losses), net	**(1,415)**	19,219

* In the prior year, government subsidies included in "Other income" above were subsidies granted by the Hong Kong Government under the Anti-Epidemic Fund, but excluding grants from the Employee Support Scheme of HK$21,017,000 which were included in "Cost of sales", "Selling and distribution expenses" and "Administrative expenses" in the consolidated statement of profit or loss, as detailed in note 6. There were no unfulfilled conditions and contingencies relating to these subsidies.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	HK$'000	*HK$'000*
Interest on bank and trust receipt loans	**41,093**	22,059
Interest on lease liabilities	**7,553**	5,506
Total	**48,646**	27,565

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2024	2023
	HK$'000	*HK$'000*
Cost of inventories sold	**2,983,115**	3,268,562
Government subsidies[#]	**-**	(21,092)
Depreciation of items of property, plant and equipment, except right-of-use assets	**75,514**	75,788
Depreciation of right-of-use assets	**130,539**	122,762
Amortisation of other intangible assets	**4,065**	4,350
Loss on disposal/write-off of items of property, plant and equipment, net*	**2,202**	2,367
Gain on derecognition of right-of-use assets, net	**(726)**	(1,129)
Impairment of items of property, plant and equipment, except right-of-use assets*	**1,641**	788
Impairment of right-of-use assets*	**1,550**	1,212
Foreign exchange differences, net	**(3,774)**	2,917
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**1,450**	1,232
Impairment of trade receivables*	**1,625**	3,427
Loss on voluntary liquidation of subsidiaries*	**143**	-
Write-down of slow-moving inventories, net**	**2,921**	3,010

* Included in "Other operating expenses, net" in the consolidated statement of profit or loss.

** The write-down of slow-moving inventories, net is included in "Cost of sales" in the consolidated statement of profit or loss.

\# In the prior year, government subsidies were subsidies granted by the Hong Kong Government under the Anti-Epidemic Fund, including grants from the Employee Support Scheme of HK$21,017,000 and other subsidies of HK$75,000, which aimed to retain employment and combat COVID-19. There were no unfulfilled conditions or contingencies relating to these subsidies. For the year ended 31 March 2023, government subsidies from the Employee Support Scheme of HK$12,540,000, HK$3,936,000 and HK$4,541,000 were included in "Cost of sales", "Selling and distribution expenses" and "Administrative expenses", respectively, and other subsidies of HK$75,000 were included in "Other income and gains/(losses), net", in the consolidated statement of profit or loss.

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2023: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2024	2023
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**18,153**	18,242
Current – Elsewhere		
Charge for the year	**7,828**	10,189
Underprovision/(overprovision) in prior years *(Note)*	**161**	(33,627)
Deferred	**(12,506)**	(8,194)
Total tax charge/(credit) for the year	**13,636**	(13,390)

Note: In the prior year, Miyata Co., Ltd. ("Miyata"), a subsidiary of the Group, received the notification of tax correction from the Japanese tax authority for the income tax refund of HK$32,300,000 in respect of Miyata's overpayment of income tax in prior years.

8. DIVIDENDS

	2024	2023
	HK$'000	*HK$'000*
Interim – HK3.0 cents (2023: HK3.0 cents) per ordinary share	**11,528**	11,528
Proposed final dividend – HK6.5 cents (2023: HK6.5 cents) per ordinary share	**24,974**	24,974
	36,502	36,502

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculation of basic earnings per share are based on:

	2024	2023
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	**34,657**	40,732

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**384,221,640**	384,251,804

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2024 and 2023.

10. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one to three months, extending up to four to five months for major customers.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024	2023
	HK$'000	*HK$'000*
Within 1 month	**381,903**	340,685
1 to 2 months	**89,312**	129,874
2 to 3 months	**66,949**	63,394
Over 3 months	**86,883**	127,183
Total	**625,047**	661,136

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals is trade payables balance of HK$266,196,000 (2023: HK$312,370,000). An ageing analysis of the trade payables at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	HK$'000	*HK$'000*
Within 1 month	**189,509**	238,336
1 to 2 months	**57,589**	58,473
2 to 3 months	**8,329**	10,489
Over 3 months	**10,769**	5,072
Total	**266,196**	312,370

The trade payables are non-interest-bearing and are normally settled on 30-day to 60-day terms. Other payables are non-interest-bearing and have an average term of three months.

PROPOSED FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK6.5 cents in cash per ordinary share for the year ended 31 March 2024. Subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Thursday, 29 August 2024 (the "AGM"), the said final dividend will be paid in cash on Wednesday, 25 September 2024 to shareholders of the Company whose names appear on the register of members of the Company as at the close of business on Friday, 6 September 2024. Together with the interim dividend of HK3.0 cents per ordinary share, the total dividends per ordinary share for the financial year ended 31 March 2024 are HK9.5 cents (2023: HK9.5 cents).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods, and no transfer of shares will be registered during such periods:

(i) from Friday, 23 August 2024 to Thursday, 29 August 2024, both days inclusive, for the purpose of ascertaining shareholders' eligibility to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 22 August 2024; and

(ii) from Wednesday, 4 September 2024 to Friday, 6 September 2024, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend for the year ended 31 March 2024. In order to qualify for the said proposed final dividend, unregistered holders of shares of the Company should ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 3 September 2024. The proposed final dividend is subject to the shareholders' approval at the AGM. The record date for entitlement to the proposed final dividend is Friday, 6 September 2024 and the payment of final dividend will be made on Wednesday, 25 September 2024.

BUSINESS REVIEW AND PROSPECTS

During the year under review, the global economy continued to adjust, geopolitical tensions remained high, the business environment was challenging, and the consumer market was weak. With its strong capabilities and proactive planning, the Group successfully implemented measures to cope with these challenges, leading to stable business development.

The Group continued actively to expand its diversified development in the markets of Hong Kong, Chinese Mainland and Japan, and maintained its leading position in the industry in Hong Kong. In Chinese Mainland, the Group supported the development plan of the Guangdong-Hong Kong-Macao Greater Bay Area, expanding its business in the region to drive food business development in Hong Kong, Macau, other Greater Bay Area cities, and across China, shaping the food consumption patterns in the region. In Japan, following the acquisition in 2020 of the long-established Japanese snack and confectionery distributor, Miyata Co., Ltd. ("Miyata"), the Group successfully achieved synergy, introducing unique Japanese products to Hong Kong and other Greater Bay Area cities while leveraging Miyata's brand effect to promote Hong Kong and Mainland-produced food in the Japanese market, enabling local customers to enjoy food from different regions, and thereby strengthening the Group's capabilities.

RESULTS

In the annual results for the year ended 31 March 2024, the Group's consolidated revenue was HK$3,898,222,000 (2023: HK$4,150,886,000). The profit for the year attributable to equity holders of the Company was HK$34,657,000 (2023: HK$40,732,000).

During the year under review, although the consumer market in Hong Kong was weak, the Group was benefited from its forward-looking strategy in retail and wholesale business, and the overall performance met expectations. In Chinese Mainland and Japan, growth in local consumer market demand slowed, affecting the Group's revenue. Nevertheless, excluding the one-off net tax refunds of approximately HK$39,000,000 received by Miyata in Japan last year and the pandemic relief subsidy of approximately HK$21,000,000 from the Hong Kong government in the same period, the Group's profit attributable to shareholders from its core business actually improved compared to that of last year. This was due to the popularity of the Group's products and services among consumers, highlighting its competitive advantages, consolidating its market position, and improving profitability.

Additionally, the Group recorded a share of profits from its associates of approximately HK$12,606,000 for the year ended 31 March 2024 (2023: HK$6,758,000), representing an increase of HK$5,848,000 compared to that of last year.

BUSINESS REVIEW AND PROSPECTS (continued)

RESULTS (continued)

Hong Kong

Sales derived from the Hong Kong segment amounted to HK$1,851,052,000 (2023: HK$1,831,336,000), accounting for 47% of the Group's total sales. Business in Hong Kong was steady with the wholesale and retail food being well received by the market.

Chinese Mainland

Sales in Chinese Mainland were HK$682,460,000 (2023: HK$750,532,000), accounting for 18% of the Group's total turnover. In terms of renminbi, sales in Chinese Mainland were RMB624,963,000 (2023: RMB655,487,000). The slowdown in revenue from Chinese Mainland was partly due to the weak renminbi during the review period, resulting in a corresponding decrease when converted to Hong Kong dollars.

Japan

Sales in Japan were HK$1,364,710,000 (2023: HK$1,569,018,000), accounting for 35% of the Group's total turnover. In terms of Japanese yen, revenue in Japan was JPY25,179 million (2023: JPY27,052 million). The continuous decline of the Japanese yen, reaching a 34-year low, was one of the reasons for the decrease in turnover when converted to Hong Kong dollars compared to that of last year.

BUSINESS REVIEW

Distribution Business

Food distribution is the core business of the Group and it continues to excel by introducing new products and markets, establishing long-term partnerships with renowned food manufacturers, and representing products from various countries and regions worldwide. Food categories covered include milk powder, biscuits, cakes, candies, chocolates, chips, snacks, instant noodles, beverages, alcohol, soy sauce, seasonings, ham, sausages, chicken, beef, pork, seafood, and vegetables, all highly regarded by consumers. After experiencing the COVID-19 pandemic, the Group responded to changing consumer preferences by expanding its high-quality livelihood-related food distribution business, including the sales of Japanese eggs, Japanese milk, “Imuraya"” tofu, and Japanese rice. Japanese eggs, in particular, have achieved remarkable sales and become a stable income source for the Group.

The Group has an extensive distribution network, selling the products it covers comprehensively to meet the diverse needs of Hong Kong consumers, including department stores, supermarkets, convenience stores, fast food chains, wholesalers, retailers, restaurants, bars, hotels, airlines, as well as its own “Okashi Land” Japanese snack stores, “YOKU MOKU” cookie stores, and “Japanese Ice Cream House”.

Manufacturing Business

The Group understands the importance of corporate reputation and has always made food quality and hygiene a top priority to achieve the goal of “Safe and Happy Eating”, protecting consumer health and building consumer confidence. The Group adopts a rigorous approach to food distribution and production, with a comprehensive monitoring system in place to ensure product safety, quality, and taste. The Group’s food quality meets international standards and is highly praised, receiving multiple quality food certifications, including “HACCP”, “ISO9001”, “ISO 22000”, and “GMP” system certifications, the “Q-Mark License” of the Hong Kong Q-Mark Certification Scheme for over 30 years, and the "HKQAA Hong Kong Registration – Oil" from the Hong Kong Quality Assurance Agency.

The Group has 17 food processing plants in Hong Kong and Chinese Mainland, producing various specialty foods, with a one-stop production and sales strategy targeting different market needs and consolidating its leading position in the industry. The associate of the Group formed with Calbee Japan, Calbee Four Seas Co., Ltd., has entered its 30th anniversary. It now has two food production plants – one in Tseung Kwan O Industrial Estate in Hong Kong and the other one in Shantou, Chinese Mainland – producing popular snacks like potato chips, shrimp strips and corn sticks, for which there is high demand in both Hong Kong and Chinese Mainland.

BUSINESS REVIEW (continued)

Retail and Catering Businesses

The Group's Chinese and Japanese restaurants are well-regarded in Guangdong and Hong Kong. During the pandemic, their performance remained stable. The "Panxi"" garden restaurant in Guangzhou shows significant growth in the post-pandemic period. Other catering businesses operated by the Group in Hong Kong and Chinese Mainland – including "Shiki • Etsu" Japanese restaurant, "Kung Tak Lam" Shanghai vegetarian restaurant, "Sushiyoshi" Japanese omakase restaurant, and Chinese Mainland's "Sushi Oh" revolving sushi restaurant – continue to be loved by diners. "Kung Tak Lam" Shanghai vegetarian restaurant and "Sushiyoshi" Japanese omakase restaurant in Hong Kong are particularly popular. Additionally, Murray Catering Company Limited, which specialises in providing lunchboxes and tuck-shop services to Hong Kong schools, has also regained vitality post-pandemic, with its business operations and outcomes receiving widespread recognition.

In the retail market, the Group's brands – like "Okashi Land" Japanese snack specialty stores, "Japanese Ice Cream House" Japanese specialty ice cream and snack stores, and "YOKU MOKU" cookie stores – continue to innovate. "Miyata Store", operated by the Group and specialising in authentic Japanese imported food, remains highly popular among Hong Kong consumers. Since its opening, it has consistently introduced the most authentic Japanese delicacies, bringing repeated surprises and satisfaction to Hong Kong food enthusiasts. From high-end Wagyu beef and plum wine to daily foods like Japanese candy snacks, Japanese eggs, and Japanese rice, Miyata Store has it all. Every item is carefully selected. Consumers visiting Miyata Store feel as if they have travelled to Japan, giving them a delightful shopping experience. The Hong Kong Four Seas Food City, operated by the Group and located in Shantou's Little Park, was officially opened in January 2024, specialising in the Group's products, and further capitalising on the development potential of the Greater Bay Area.

BRAND DEVELOPMENT

Established in 1971 and listed on the stock exchange in 1993, the Group has over 50 years of experience, expanding from wholesale distribution to retail business, from food manufacturing to catering, and becoming a leader in the local snack and food market, with its brand being both well-known and reputable. As one of the largest food enterprises in Hong Kong, the Group adheres to the business philosophy of keeping pace with the times and innovating, serving Hong Kong consumers while playing the important role of snack diplomat, and actively expanding into the Mainland and overseas markets. The acquisition four years ago of Miyata, a business with over 90 years of history in Japan, has enabled the Group to form a large sales network spanning across Chinese Mainland, Hong Kong, and Japan, while realising the "interconnection" of food, introducing and promoting food from various regions, and facilitating the exchange of food cultures.

CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL PROTECTION

As an active member of society, the Group is widely recognised for its contributions to promoting social service development. Upholding the spirit of “Taking from Society, Giving Back to Society”, it actively engages in social welfare initiatives in Hong Kong. The Group fully integrates sustainable development into its business operations, tirelessly fulfilling its corporate social responsibilities. It sponsors various organizations such as schools, eldercare and women’s groups, youth organizations, social welfare agencies, and community associations, sharing its diverse culinary offerings and promoting the spirit of “Enjoy Eating”. This embodies the motto “Four Seas with Love”. Moreover, the Group’s various businesses are highly regarded by both the industry and society. Four Seas Group has been honoured with the “Manpower Developer 2023-2025” title by the Employee Retraining Board (ERB). Calbee Four Seas Co., Ltd. has been recognised as a “5-Year Good MPF Employer” and a “Best All-round MPF Employer” by the Mandatory Provident Fund Schemes Authority. Additionally, it received the “Super MD” title from ERB.

The Group has also been acknowledged in multiple areas: winning the “Outstanding Listed Company Award 2023” from the Outstanding Listed Company Awards Committee; “Okashi Land” was recognised as a “Quality Tourism Services” merchant by the Hong Kong Tourism Board; and “Sushiyoshi” was named one of the “100 Top Tables 2024” by the South China Morning Post. These accolades reflect the public’s recognition of the Group.

Environmental responsibility is deeply embedded in the Group's values and business practices. We have dedicated resources towards minimizing our environmental impact through various initiatives and operational improvements. Further details of our environmentally-focused efforts are provided in our Environment, Social and Governance Report 2024, which will be released concurrently with the Company's Annual Report 2024.

PROSPECTS AND GROWTH

With years of market experience and a solid foundation, the Group is confident about its future prospects. Despite political and economic uncertainty across the globe, the Group’s business primarily focuses on food and snacks, which are closely related to everyday life. Following the development direction of “Rooted in Hong Kong, Expanding to Chinese Mainland, and Reaching Out to the World”, and focusing on the markets of Hong Kong, Chinese Mainland, and Japan, the Group will continue to present new products, flavours, styles, and experiences to the public. This will fuel future growth and maintain the Group’s leading position in the food industry.

PROSPECTS AND GROWTH (continued)

Business in Hong Kong

The Group continues to drive the comprehensive development of Hong Kong's food market. Leveraging on Hong Kong's reputation as a culinary capital, the Group will source unique snacks from different regions, produce safe and healthy delicious foods, and prepare a variety of gourmet dishes to tantalise consumers' taste buds. This will attract local citizens and tourists, supporting the concept of "Tourism is Everywhere in Hong Kong". It will continue to procure high-quality products from Chinese Mainland, Japan, the United States, Malaysia, and South Korea, seeking more renowned brands to bring new flavours to Hong Kong consumers.

The Group will launch new Four Seas Bama Natural Mineral Water, sourced from Bama county in Guangxi province, China – a place known as the "Longevity Village of the World". The underground water in Bama is rich in minerals beneficial to the human body. It undergoes natural slow filtration, resulting in clear, bright water with a smooth and mellow taste, providing the most natural and pure nourishment. The Group has taken great care in selecting this natural mineral water, ensuring it is safe and hygienic through strict collection and harmless treatment processes while retaining its unique spring flavour. During the review period, pilot sales of the Four Seas Bama Mineral Water were conducted in the Group's own operated stores in Hong Kong, and received high praise from consumers. As a natural and healthy premium mineral water product, Four Seas Bama Natural Mineral Water will become a trusted choice for many consumers.

Additionally, the Group will actively expand its retail network. Riding on the successful experience of the "Miyata Store" located in Wong Tai Sin, a new "Miyata Store" was opened in the YOHO MIX in Yuen Long in June 2024, bringing a fresh shopping experience to the local residents. As an emerging shopping and leisure hotspot in the Yuen Long area, the new "Miyata Store" will become a popular lifestyle choice for local residents. The Group will continue to listen to customer needs, always optimise its products and services, and create a convenient, affordable, and high-quality food shopping paradise for everyone.

PROSPECTS AND GROWTH (continued)

Business in Chinese Mainland

The Group continues to expand its sales territory in Chinese Mainland. As a well-received brand in the Greater Bay Area, Four Seas Group recognises the huge market demand in Chinese Mainland. In May this year, the Group opened a new "Four Seas Okashi Land" flagship store near Sungang Metro Station in Luohu District, Shenzhen. This new 6,000-square-foot store integrates sales and displays, showcasing the Group's multiple high-quality foods products. Since its opening, "Four Seas Okashi Land" has become a popular choice for consumers due to its high-quality products and thoughtful services. The Group plans to invite distributors from across the country to visit and explore opportunities for its business expansion in Chinese Mainland. Additionally, it continues to drive business development via online and offline channels, selling on major e-commerce platforms such as Taobao, Tmall, and JD.com, leveraging the growth momentum of e-commerce and using popular influencer marketing to boost sales, increase market share in Chinese Mainland, and create more business opportunities.

Business in Japan

The Group will further integrate its Japanese market operations to achieve greater synergy. Following the acquisition of Miyata, the Group successfully introduced foods produced in Chinese Mainland into the Japanese market through Miyata. It also utilised Miyata's procurement network to source more Japanese foods for the Hong Kong and Chinese Mainland markets. This has become an important driver of business growth. Looking ahead, the Group will continue to invest more resources in expanding the Japanese market and further strengthening the "interconnection" of foods between Hong Kong, Chinese Mainland, and Japan. This will generate greater synergy, support the optimization and integration of diversified businesses in Japan, enhance operational efficiency, and reduce costs.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows and facilities granted by its principal bankers. As at 31 March 2024, the Group held cash and cash equivalents of HK$625,940,000. As at 31 March 2024, the Group had banking facilities of HK$2,667,085,000 of which 34% had been utilised. The Group had a gearing ratio of 73% as at 31 March 2024. This is expressed as the total bank borrowings to equity attributable to equity holders of the Company. Bank borrowings of the Group, denominated in Hong Kong dollars, Japanese yen and Renminbi, mainly comprise trust receipt loans and bank loans (the "Interest-Bearing Bank Borrowings") at prevailing market interest rates. The Interest-Bearing Bank Borrowings which are classified as current liabilities are repayable on demand or within one year. The Interest-Bearing Bank Borrowings which are classified as non-current liabilities are repayable in the second to third year.

STAFF EMPLOYMENT AND REMUNERATION POLICIES

The total number of employees of the Group as at 31 March 2024 was approximately 2,800. Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (whether on The Stock Exchange of Hong Kong Limited or otherwise) during the year ended 31 March 2024.

CORPORATE GOVERNANCE

The Company and management are committed to maintaining good corporate governance with an emphasis on the principles of transparency, accountability and independence to all shareholders. The Company believes that good corporate governance is essential to continual growth and enhancement of shareholders' value. The Company periodically reviews its corporate governance practices with reference to the latest development of corporate governance. Throughout the year under review, the Company has applied the principles of and complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") .

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as the Company's code of conduct regarding securities transactions by directors of the Company (the "Code of Conduct"). Having made specific enquiry of all directors of the Company, the directors have confirmed that they have complied with the required standard of dealings as set out in the Code of Conduct throughout the year ended 31 March 2024.

The Company has also established the Code for Securities Transactions by Relevant Employees (the "Employees Code") on no less exacting terms than the Model Code for securities transactions by the employees who are likely to be in possession of inside information of the Company. No incident of non-compliance of the Employees Code by the employees was noted by the Company throughout the year ended 31 March 2024.

AUDIT COMMITTEE

The Audit Committee of the Company comprises all the three independent non-executive directors, namely Mr. Cheung Wing Choi (Chairman of the Audit Committee), Mr. Chan Yuk Sang, Peter and Mr. Tsunao Kijima. The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed with the management in relation to risk management and internal control systems and financial reporting matters including a review of the Group's consolidated financial statements for the year ended 31 March 2024.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditors on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The Company's 2024 annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.fourseasgroup.com.hk. The annual report of the Company for the year ended 31 March 2024, containing information required by the Listing Rules, will be published on the above websites in due course and despatched to shareholders upon request.

APPRECIATION

The Board of the Company would like to take this opportunity to thank our shareholders and business partners for their continuous support and the fellow directors and our staff for their dedication and hard work throughout the reporting year.

THE BOARD

As at the date of this announcement, the directors of the Company are Mr. TAI Tak Fung, Stephen, Ms. WU Mei Yung, Quinly, Mr. TAI Chun Kit, Mr. WU Wing Biu and Mr. WONG Fu Hang, Derek as executive directors, Mr. CHEUNG Wing Choi, Mr. CHAN Yuk Sang, Peter and Mr. Tsunao KIJIMA as independent non-executive directors.

On behalf of the Board
Four Seas Mercantile Holdings Limited
TAI Tak Fung, Stephen, *GBM, GBS, SBS, JP*
Chairman

Hong Kong, 27 June 2024