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# king fook holdings limited

## 景福集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 280)

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The Board of Directors (the “Board”) of King Fook Holdings Limited (the “Company”) announces the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2024 with comparative figures for the previous corresponding period as follows:

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

		<b>Unaudited</b>	
		<b>Six months ended 30 September</b>	
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	5	<b>387,301</b>	363,913
Cost of sales		<u>(263,755)</u>	<u>(253,192)</u>
<b>Gross profit</b>		<b>123,546</b>	110,721
Other gains and income	6	<b>10,511</b>	14,195
Distribution and selling costs		<b>(57,863)</b>	(50,925)
Administrative expenses		<b>(24,938)</b>	(25,066)
Other operating expenses	7	<u><b>(14,330)</b></u>	<u>(3,542)</u>
<b>Operating profit</b>		<b>36,926</b>	45,383
Finance costs		<u><b>(2,282)</b></u>	<u>(1,646)</u>
<b>Profit before taxation</b>	8	<b>34,644</b>	43,737
Taxation	9	<u><b>2,400</b></u>	<u>-</u>
<b>Profit for the period</b>		<u><b>37,044</b></u>	<u>43,737</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (Continued)**

		<b>Unaudited</b>	
		<b>Six months ended 30 September</b>	
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Change in fair value of debt instruments at fair value through other comprehensive income		<b>1,004</b>	-
Exchange differences on translation of foreign operations		<b>143</b>	(376)
<i>Item that will not be reclassified to profit or loss:</i>			
Change in fair value of investments at fair value through other comprehensive income		<u><b>1,570</b></u>	<u>328</u>
<b>Other comprehensive income for the period</b>		<u><b>2,717</b></u>	<u>(48)</u>
<b>Total comprehensive income for the period</b>		<u><b>39,761</b></u>	<u>43,689</u>
<b>Profit for the period attributable to:</b>			
– Owners of the Company		<b>37,044</b>	43,735
– Non-controlling interests		<u>-</u>	<u>2</u>
		<u><b>37,044</b></u>	<u>43,737</u>
<b>Total comprehensive income for the period attributable to:</b>			
– Owners of the Company		<b>39,761</b>	43,687
– Non-controlling interests		<u>-</u>	<u>2</u>
		<u><b>39,761</b></u>	<u>43,689</u>
<b>HK cents</b>			
<b>Earnings per share</b>	<i>11</i>		<b>HK cents</b>
– Basic and diluted		<u><b>4.07</b></u>	<u>4.81</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
	<i>Notes</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		11,320	10,222
Right-of-use assets	12	40,708	31,575
Investment properties		709	744
Investments at fair value through other comprehensive income		2,276	706
Debt instruments at fair value through other comprehensive income		32,279	-
Other asset		356	356
Deposits	13	4,200	7,148
Deferred tax assets		5,000	2,600
		<b>96,848</b>	53,351
<b>Current assets</b>			
Inventories		424,610	414,979
Debtors, deposits and prepayments	13	22,472	24,310
Investments at fair value through profit or loss		-	146
Time deposits		221,101	193,299
Cash and cash equivalents		192,925	231,231
		<b>861,108</b>	863,965
<b>Total assets</b>		<b>957,956</b>	917,316
<b>Current liabilities</b>			
Trade payables, deposits received and other payables	14	66,747	58,649
Gold loan		68,475	58,109
Lease liabilities	12	34,895	31,000
		<b>170,117</b>	147,758
<b>Net current assets</b>		<b>690,991</b>	716,207
<b>Total assets less current liabilities</b>		<b>787,839</b>	769,558
<b>Non-current liabilities</b>			
Provision for long service payments		2,079	2,000
Lease liabilities	12	14,357	12,274
		<b>16,436</b>	14,274
<b>Net assets</b>		<b>771,403</b>	755,284
<b>CAPITAL AND RESERVES</b>			
Share capital		393,354	393,354
Other reserves		35,058	32,341
Retained profits		342,927	329,525
<b>Equity attributable to owners of the Company</b>		<b>771,339</b>	755,220
<b>Non-controlling interests</b>		<b>64</b>	64
<b>Total equity</b>		<b>771,403</b>	755,284

Notes:

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company is a limited liability company incorporated and domiciled in Hong Kong. Its registered office is located at 9th Floor, King Fook Building, 30-32 Des Voeux Road Central, Hong Kong and its principal place of business is in Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The directors of the Company (the "Directors") consider the ultimate holding company to be Yeung Chi Shing Estates Limited, a company incorporated in Hong Kong.

The principal activities of the Group are gold ornament, jewellery, watch and gift retailing, bullion trading and diamond wholesaling.

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2024 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure required under Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). They have been prepared with the same accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 March 2024 (the "2024 Annual Financial Statements"), except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") as disclosed in note 2.

The unaudited interim condensed consolidated financial statements are presented in Hong Kong Dollars ("HK\$"), unless otherwise stated. The unaudited interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are material to an understanding of the changes in financial position and performance of the Group since the 2024 Annual Financial Statements. The unaudited interim condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with HKFRSs and should be read in conjunction with the 2024 Annual Financial Statements.

The interim condensed consolidated financial statements are unaudited, but have been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA.

## 2. CHANGES IN ACCOUNTING POLICIES

In the current period, the Group has applied for the first time the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants

The adoption of these new and revised HKFRSs have no material impact on the Group's unaudited interim condensed consolidated financial statements.

The Group has not early applied the following revised HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 21	Lack of Exchangeability <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statement <sup>3</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

## 2. CHANGES IN ACCOUNTING POLICIES (Continued)

### ***HKFRS 18: Presentation and Disclosure in Financial Statements***

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace HKAS 1 Presentation of Financial Statements. The new HKFRS Accounting Standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. HKFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have material impact on the financial performance and financial position of the Group but is expected to affect the disclosures and presentation in the future financial statements.

### ***Amendments to HKFRS 9 and HKFRS 7: Amendments to the Classification and Measurement of Financial Instruments***

The amendments clarify that a financial liability is derecognised on the settlement date and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. It also clarifies the classification of financial assets with Environmental, Social and Governance linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments. Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through other comprehensive income. The amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for contingent features only. The Group is currently assessing the impact of these amendments.

Except as disclosed above, the Directors do not anticipate that the application of the amendments and revisions in the future will have an impact on the Group's financial performance and financial position.

The Directors anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

## 3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of unaudited interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgements and estimates have been made in preparing the unaudited interim condensed consolidated financial statements were the same as those that were applied to the Group's 2024 Annual Financial Statements.

## 4. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Group's top management including executive directors and chief executive for their decisions about resources allocation to the Group's business components and for their review of these components' performance. The business components in the internal financial information reported to the top management are determined according to the Group's major product and service lines.

Based on the above, the Group's top management determined that the Group has only one single reportable segment which is retailing, bullion trading and diamond wholesaling. Accordingly, no separate segment of analysis is presented.

No geographical information was presented for the six months ended 30 September 2023 and 2024 respectively as more than 90% of the Group's revenue was derived from activities in Hong Kong (place of domicile). Also, most of the Group's non-current assets are located in Hong Kong.

For the six months ended 30 September 2023 and 2024 respectively, no revenue from a single customer accounted for 10% or more of the total revenue of the Group.

## 5. REVENUE

The Group is principally engaged in gold ornament, jewellery, watch and gift retailing, bullion trading and diamond wholesaling. Revenue of the Group recognised during the period comprised the following:

	Unaudited	
	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Revenue from contracts with customers:		
Gold ornament, jewellery, watch and gift retailing	341,151	342,357
Bullion trading	46,039	19,637
Diamond wholesaling	111	1,919
	<u>387,301</u>	<u>363,913</u>
Total revenue	<u>387,301</u>	<u>363,913</u>
Timing of revenue recognition:		
At a point in time	<u>387,301</u>	<u>363,913</u>

## 6. OTHER GAINS AND INCOME

	Unaudited	
	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Dividend income	41	35
Fair value change of investments at fair value through profit or loss	21	-
Fair value gain on gold loan designated at fair value through profit or loss	-	1,956
Fair value gain on realisation of bullion contract	-	3,290
Interest income from debt instruments at fair value through other comprehensive income	429	-
Interest income from financial assets at amortised cost	9,017	7,423
Interest income from rental deposits	417	306
Rental income on investment properties	534	640
Others	52	545
	<u>10,511</u>	<u>14,195</u>

## 7. OTHER OPERATING EXPENSES

	Unaudited	
	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Fair value change of investments at fair value through profit or loss	-	28
Fair value loss on gold loan designated at fair value through profit or loss	10,366	-
Foreign exchange differences, net	819	235
Loss on write off/disposal of property, plant and equipment	45	8
Provision for impairment loss on property, plant and equipment	976	-
Provision for impairment loss on right-of-use assets	2,124	3,271
	<u>14,330</u>	<u>3,542</u>

## 8. PROFIT BEFORE TAXATION

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

	Unaudited	
	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Auditors' remuneration	419	398
Cost of inventories sold, including	263,183	252,436
– provision for and write down of inventories to net realisable value	1,636	4,011
Depreciation of investment properties	35	36
Depreciation of property, plant and equipment	2,518	1,718
Depreciation of right-of-use assets	15,774	13,826
Outgoings in respect of investment properties	116	144
Provision for long service payments		
– provision	248	1,908
– reversal of provision	(146)	(18)
Rental expenses for variable lease payments	-	466
Rental expenses on short term lease in respect of car parking space	34	-
Rental expenses on short term lease in respect of furniture and fixtures	1	1

## 9. TAXATION

	Unaudited	
	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Deferred tax – Hong Kong, net	2,400	-
Taxation credit	2,400	-

No Hong Kong profits tax has been provided for the six months ended 30 September 2023 and 2024 respectively as the Group has sufficient tax loss brought forward to set off against the estimated assessable profit.

No overseas profits tax has been provided for the six months ended 30 September 2023 and 2024 respectively as the Group has no estimated assessable profit.

## 10. DIVIDENDS

	Unaudited	
	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
2023/24 final dividend of HK2.6 cents		
(2022/23 final dividend: HK2.0 cents) per ordinary share	23,642	18,186
2023/24 special dividend of Nil		
(2022/23 special dividend: HK8.0 cents) per ordinary share	-	72,745
	23,642	90,931
Dividends declared after the end of the reporting period:		
2024/25 interim dividend of HK0.4 cent		
(2023/24 interim dividend: HK0.4 cent) per ordinary share	3,637	3,637

## 10. DIVIDENDS (Continued)

The interim dividend is not recognised as a liability as at 30 September 2024 because it has been declared after the end of the reporting period.

## 11. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit for the period attributable to owners of the Company of HK\$37,044,000 (for the six months ended 30 September 2023: HK\$43,735,000) and the weighted average number of 909,308,465 (for the six months ended 30 September 2023: 909,345,350) ordinary shares in issue during the period, is calculated as follows:

	Unaudited Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
<b>Profit attributable to owners of the Company</b>	<b>37,044</b>	43,735
	<b>909,308,465</b>	909,358,465
	<b>909,308,465</b>	909,345,350

  

	Unaudited As at 30 September	
	2024	2023
<b>Weighted average number of ordinary shares</b>		
Issued ordinary shares at 1 April	<b>909,308,465</b>	909,358,465
Effect of ordinary shares repurchased and cancelled (note)	<b>-</b>	(13,115)
Weighted average number of ordinary shares at 30 September	<b>909,308,465</b>	909,345,350

*Note:* No ordinary share was repurchased and cancelled during the six months ended 30 September 2024. The weighted average number of ordinary shares outstanding during the six months ended 30 September 2023 was adjusted for the effect of 50,000 ordinary shares repurchased and cancelled multiplied by a time-weighting factor.

### (b) Diluted earnings per share

Diluted earnings per share and basic earnings per share for the six months ended 30 September 2023 and 2024 respectively are the same as there were no dilutive potential ordinary shares in issue during both periods.

## 12. LEASES

### Nature of leasing activities

The Group has obtained the right to use properties and furniture and equipment as its office premises and retail stores under non-cancellable operating lease agreements, which comprise of fixed payments and variable payments that are based on sales over the lease terms.

### Right-of-use assets

During the six months ended 30 September 2024, the Group entered into a number of lease agreements for the use of properties and therefore recognised the additions and lease modification to right-of-use assets of HK\$10,407,000 and HK\$16,624,000 respectively (for the six months ended 30 September 2023: HK\$10,766,000 and HK\$29,407,000 respectively). Based on the impairment assessment, provision for impairment loss on right-of-use assets of HK\$2,124,000 (for the six months ended 30 September 2023: HK\$3,271,000) was recognised and charged to the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2024.



## 12. LEASES (Continued)

### Right-of-use assets (Continued)

The leases of retail stores contain variable lease payment terms that are based on the retail stores' revenue pursuant to the terms and conditions set out in the respective lease agreements and minimum annual lease payment terms that are fixed.

### Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period are as follows:

	Unaudited As at 30 September 2024		Audited As at 31 March 2024	
	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000
Within 1 year	35,988	37,302	31,000	33,037
After 1 year but within 2 years	10,559	11,889	9,711	10,190
After 2 years but within 5 years	2,705	3,274	2,563	2,630
	<u>49,252</u>	<u>52,465</u>	<u>43,274</u>	<u>45,857</u>
Less: Total future interest charges		<u>(3,213)</u>		<u>(2,583)</u>
Present value of lease liabilities		<u>49,252</u>		<u>43,274</u>

## 13. DEBTORS, DEPOSITS AND PREPAYMENTS

	Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
<b>Current</b>		
Trade debtors	5,346	8,047
Other receivables	4,659	5,198
Rental deposits	8,806	6,409
Other deposits	1,255	1,503
Prepayments	2,406	3,153
	<u>22,472</u>	<u>24,310</u>
<b>Non-current</b>		
Rental deposits	<u>4,200</u>	<u>7,148</u>
	<u>26,672</u>	<u>31,458</u>

### 13. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

The ageing analysis of trade debtors, based on invoice date, was as follows:

	<b>Unaudited</b> <b>As at</b> <b>30 September</b> <b>2024</b> <b>HK\$'000</b>	<b>Audited</b> <b>As at</b> <b>31 March</b> <b>2024</b> <b>HK\$'000</b>
Within 30 days	5,265	7,742
31 – 90 days	81	272
More than 90 days	-	33
	<u>5,346</u>	<u>8,047</u>

### 14. TRADE PAYABLES, DEPOSITS RECEIVED AND OTHER PAYABLES

	<b>Unaudited</b> <b>As at</b> <b>30 September</b> <b>2024</b> <b>HK\$'000</b>	<b>Audited</b> <b>As at</b> <b>31 March</b> <b>2024</b> <b>HK\$'000</b>
Trade payables	11,505	17,732
Other payables	2,310	2,326
Dividend payables	23,981	340
Accruals and provisions	14,509	18,389
Contract liabilities	3,440	3,720
Deposits received	11,002	16,142
	<u>66,747</u>	<u>58,649</u>

The ageing analysis of trade payables, based on invoice date, was as follows:

	<b>Unaudited</b> <b>As at</b> <b>30 September</b> <b>2024</b> <b>HK\$'000</b>	<b>Audited</b> <b>As at</b> <b>31 March</b> <b>2024</b> <b>HK\$'000</b>
Within 30 days	11,392	17,257
31 – 90 days	113	475
	<u>11,505</u>	<u>17,732</u>

### INTERIM DIVIDEND

The Board has resolved the payment of an interim dividend of HK0.4 cent (for the six months ended 30 September 2023: HK0.4 cent) per ordinary share for the six months ended 30 September 2024 to shareholders whose names appear on the register of members of the Company on Monday, 9 December 2024. The interim dividend will be paid on Wednesday, 18 December 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed on Monday, 9 December 2024, during which day no transfer of shares will be effected.

All transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 6 December 2024 in order to qualify for the interim dividend above mentioned.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Group Results Overview**

For the six months ended 30 September 2024 (the "Period"), the Group recorded total revenue of HK\$387.3 million, representing an increase of HK\$23.4 million or 6.4% from HK\$363.9 million for the last corresponding period. The Group recorded an unaudited consolidated profit attributable to owners of the Company of HK\$37.0 million for the Period as compared to an attributable consolidated profit of HK\$43.7 million for the same period last year.

### **Business Review**

The revenue of the Group's retailing business for the Period increased by HK\$25.2 million or 7.0% to HK\$387.2 million from HK\$362.0 million for the same period last year. For the Period, the sluggish economic environment in Hong Kong and Mainland China, interest rate hikes, ongoing geopolitical tensions, change of spending pattern of PRC visitors and HK local citizens continued. The consumer sentiment, especially for the luxury segments, had been adversely affected. With the opening of our new jewellery store in Central Building in December 2023, which focuses on introducing Stenzhorn – a famous European high jewellery brand, our total jewellery sales had a mid-single digit growth for the Period when compared with the same period last year. For the watch business, although our watch store in Pacific Place was closed in March 2024, our total watch sales still had a mid-single digit growth. This was achieved through our loyal customers base and long term trusted partnership with our major high end watch suppliers. With the support of our suppliers and customers, we achieved 8.6% growth in our same store sales for the Period under this challenging business environment. However, our gold ornament business was severely affected by the high gold prices starting from March 2024. On the other hand, the consistently record-breaking gold prices during the Period stimulated investments in gold bullion, which helped our gold bullion sales significantly. As growth in gold bullion sales out-weighted the decline in gold ornament sales, there was a low double digit growth in our gold business.

Our gross profit margin increased from 30.4% to 31.9% in this Period, which was mainly due to our tightening of discount control in the watch segment, especially for hot models of some famous major brands. With both increase in revenue and gross profit margin, our gross profit recorded an increase of HK\$12.8 million for the Period or 11.6% when compared with the same period last year. Our distribution and selling costs increased by HK\$6.9 million for the Period mainly caused by our investment in marketing and staff cost and relocation of our shop in Harbour City, Tsimshatsui. Our administrative expenses for the Period were similar to those in same period last year.

## **MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

### **Business Review (Continued)**

The Group's net profit for the Period decreased by HK\$6.7 million or -15.3% when compared with the last corresponding period, which was mainly caused by an unrealized non-cash fair value loss on gold loan of HK\$10.4 million while there was a fair value gain on gold loan and bullion contract of HK\$5.2 million for the same period last year. The Group used gold loan to hedge against gold price fluctuations in our 24 karat gold inventory in order to maintain a steady 24 karat gold margin. However, according to the Hong Kong accounting standards, the outstanding gold loan was required to mark to market value while our 24 karat gold inventory was required to be valued at lower of historical cost or market value. Thus, in the period of gold price going upwards, the gain in inventory value (valued at historical cost) was less than the loss in fair value of gold loan (valued at market price), causing an unrealized non-cash item affecting our net profit for the Period. On the other hand, when gold price is going downwards, like in the same period last year, the loss in inventory value (valued at market price) was totally offset by the gain in gold loan (valued at market price), causing an unrealized gain non-cash item. Nevertheless, the unrealized gain or loss due to gold price fluctuations is temporarily and would be offset with the revaluation of our 24 karat gold inventory in the long run.

### **Outlook**

The Group anticipates that geopolitical tensions, high gold prices and macro-economic uncertainty will continue to affect consumer sentiment and these adverse factors are not expected to abate in the short run. However, the Mainland China government has announced a series of policies to support the property and capital markets at the end of September and early October 2024. We can see that the Mainland China government is determined to boost domestic demand and stabilize the property and capital markets. Moreover, the US government lowered the interest rate by 50 basis points in September 2024 and 25 basis points in early November 2024. The above measures would improve the macro-economic environment and consumer sentiment. We expect the luxury market would regain its growth in a gradual pace in the mid to long run.

In past months, the record high gold price adversely affected the demand for gold ornament. However, when the peak season of wedding events is approaching, we expect that the demand for gold ornament will resume to normal levels after consumers adapt to the high gold price. We are confident in the gold business and will continue to invest in designing and producing gold products for daily wear and unique gold ornament with traditional motifs, jewellery and decorative products to suit the demand and taste of our customers.

In August 2024, our shop in Harbour City, Tsimshatsui has been relocated from Gateway Arcade to the jewellery area of the shopping mall in Ocean Terminal. Along with the relocation, we introduced the "Gold for diamond" product line, a fixed price gold product, to our customers in Harbour City. Subsequently the product line has been introduced to all shops. Apart from stylish gold products, we will continue to promote our colour stone jewellery to suit the needs of different customers. In future, we will keep on developing products to suit the changing tastes and needs of the market and widen the customer base of our jewellery business.

Furthermore, the Group will continue to invest in staff development, brand building, digital marketing, social media and creative product designs to better serve our existing and potential customers.

### **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2024.

## **CORPORATE GOVERNANCE PRACTICES**

The Company had complied with all the code provisions set out in Part 2 of the Corporate Governance Code (the “Code”) in Appendix C1 to the Listing Rules throughout the six months ended 30 September 2024 except the deviations as explained below:

### ***Code provision C.3.3***

As far as code provision C.3.3 of the Code is concerned, the Company does not have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Board decides on the key terms and conditions of the appointment of the Directors from time to time which are recorded in the relevant board minutes.

### ***Code provision F.1.1***

In respect of code provision F.1.1 of the Code, the Company does not have a dividend policy or any pre-determined dividend distribution ratio. The Board will decide on the declaration/recommendation of any future dividends after taking into consideration a number of factors, including the prevailing market conditions, the Company’s operating results, business plans and prospects, financial position and working capital requirements, and other factors that the Board considers relevant.

## **REVIEW BY AUDITOR AND AUDIT COMMITTEE**

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2024 have been reviewed by BDO Limited, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the HKICPA.

The audit committee of the Company has reviewed with the management of the Group the accounting policies and practices adopted by the Group, its system of risk management and internal control and financial reporting matters and the unaudited interim condensed consolidated financial statements for the six months ended 30 September 2024.

## **DISCLOSURE UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE**

The financial information of the Group relating to the year ended 31 March 2024 included in this interim results announcement as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

By Order of the Board  
**Tang Yat Sun, Richard**  
Chairman

Hong Kong, 22 November 2024

As at the date of this announcement, the executive directors of the Company are Mr. Tang Yat Sun, Richard and Dr. Fung Yuk Bun, Patrick; the non-executive directors are Mr. Ho Hau Hay, Hamilton, Ms. Veronica Ho and Mr. Kung Lin Cheng Leo; and the independent non-executive directors are Mr. Cheng Kar Shing, Peter, Mr. Sin Nga Yan, Benedict, Mr. Cheng Kwok Shing, Anthony and Ms. Hou Tan Tan Danielle.