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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 2023

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 2023 with comparative figures for the previous corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | Unaudited | |
|--------------------------------|--------------|--------------------------------------|------------------|
| | | Six months ended 30 September | |
| | | 2023 | 2022 |
| | <i>Notes</i> | HK\$'000 | HK\$'000 |
| Revenue | 5 | 363,913 | 412,514 |
| Cost of sales | | <u>(253,192)</u> | <u>(283,848)</u> |
| Gross profit | | 110,721 | 128,666 |
| Other gains and income | 6 | 14,195 | 6,268 |
| Distribution and selling costs | | (50,925) | (61,257) |
| Administrative expenses | | (25,066) | (22,819) |
| Other operating expenses | 7 | <u>(3,542)</u> | <u>(10,108)</u> |
| Operating profit | | 45,383 | 40,750 |
| Finance costs | | <u>(1,646)</u> | <u>(2,123)</u> |
| Profit before taxation | 8 | 43,737 | 38,627 |
| Taxation | 9 | <u>-</u> | <u>-</u> |
| Profit for the period | | <u>43,737</u> | <u>38,627</u> |

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

| | | Unaudited | |
|--|--------------|--------------------------------------|----------------------|
| | | Six months ended 30 September | |
| | | 2023 | 2022 |
| | <i>Notes</i> | HK\$'000 | HK\$'000 |
| Other comprehensive income | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on translation of foreign operations | | (376) | (791) |
| <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>328</u> | <u>(401)</u> |
| Other comprehensive income for the period | | <u>(48)</u> | <u>(1,192)</u> |
| Total comprehensive income for the period | | <u><u>43,689</u></u> | <u><u>37,435</u></u> |
| Profit for the period attributable to: | | | |
| – Owners of the Company | | 43,735 | 38,626 |
| – Non-controlling interests | | <u>2</u> | <u>1</u> |
| | | <u><u>43,737</u></u> | <u><u>38,627</u></u> |
| Total comprehensive income for the period attributable to: | | | |
| – Owners of the Company | | 43,687 | 37,434 |
| – Non-controlling interests | | <u>2</u> | <u>1</u> |
| | | <u><u>43,689</u></u> | <u><u>37,435</u></u> |
| | | HK cents | HK cents |
| Earnings per share | <i>11</i> | | |
| – Basic and diluted | | <u><u>4.8</u></u> | <u><u>4.2</u></u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | <i>Notes</i> | Unaudited As at 30 September 2023 HK\$'000 | Audited As at 31 March 2023 HK\$'000 |
|--|--------------|--|--|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 3,132 | 4,740 |
| Right-of-use assets | 12 | 47,077 | 24,000 |
| Investment properties | | 780 | 816 |
| Investments at fair value through other comprehensive income | | 654 | 326 |
| Other asset | | 356 | 356 |
| Deposits | 13 | 5,780 | 6,751 |
| | | 57,779 | 36,989 |
| Current assets | | | |
| Inventories | | 394,582 | 387,379 |
| Debtors, deposits and prepayments | 13 | 35,772 | 57,432 |
| Investments at fair value through profit or loss | | 145 | 173 |
| Time deposits | | 129,079 | 71,151 |
| Cash and cash equivalents | | 353,914 | 301,060 |
| | | 913,492 | 817,195 |
| Total assets | | 971,271 | 854,184 |
| Current liabilities | | | |
| Trade payables, deposits received and other payables | 14 | 141,369 | 46,359 |
| Gold loan | | 50,841 | - |
| Lease liabilities | 12 | 36,443 | 28,589 |
| | | 228,653 | 74,948 |
| Net current assets | | 684,839 | 742,247 |
| Total assets less current liabilities | | 742,618 | 779,236 |
| Non-current liabilities | | | |
| Provision for long service payments | | 1,865 | 66 |
| Lease liabilities | 12 | 21,047 | 12,193 |
| | | 22,912 | 12,259 |
| Net assets | | 719,706 | 766,977 |
| CAPITAL AND RESERVES | | | |
| Share capital | | 393,354 | 393,354 |
| Other reserves | | 34,580 | 34,628 |
| Retained profits | | 291,692 | 338,917 |
| Equity attributable to owners of the Company | | 719,626 | 766,899 |
| Non-controlling interests | | 80 | 78 |
| Total equity | | 719,706 | 766,977 |

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 2023 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 2023 (the "2023 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 significant to an understanding of the changes in financial position and performance of the Group since the 2023 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 2023 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 2023:

| | |
|---|---|
| HKFRS 17 and amendments to HKFRS 17 | Insurance Contracts (including Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information) |
| Amendments to HKAS 8 | Definition of Accounting Estimates |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism.

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

2. CHANGES IN ACCOUNTING POLICIES (Continued)

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

| | |
|------------------------------------|---|
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and HK Interpretation 5 (Revised), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹ |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants (the 2022 Amendments) ¹ |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback ¹ |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements ¹ |
| Amendments to HKAS 21 | Lack of Exchangeability ² |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ |

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after a date to be determined

The Directors do not anticipate that the application of the amendments and revisions in the future will have an impact on the Group's consolidated financial statements.

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 2023 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 2022 and 2023 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 2022 and 2023 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 | |
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| Revenue from contracts with customers: | | |
| Gold ornament, jewellery, watch and gift retailing | 342,357 | 373,176 |
| Bullion trading | 19,637 | 38,637 |
| Diamond wholesaling | 1,919 | 701 |
| | <u>363,913</u> | <u>412,514</u> |
| Total revenue | <u>363,913</u> | <u>412,514</u> |
| Timing of revenue recognition: | | |
| At a point in time | <u>363,913</u> | <u>412,514</u> |

6. OTHER GAINS AND INCOME

| | Unaudited | |
|--|-------------------------------|--------------|
| | Six months ended 30 September | |
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| Dividend income | 35 | 57 |
| 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 | - |
| Foreign exchange differences, net | - | 181 |
| Government grant (note) | - | 3,110 |
| Interest income from financial assets at amortised cost | 7,423 | 2,207 |
| Interest income from rental deposits | 306 | 120 |
| Rental income on investment properties | 640 | 541 |
| Others | 545 | 52 |
| | <u>14,195</u> | <u>6,268</u> |

Note: During the six months ended 30 September 2022, the Group applied for funding support from the Employment Support Scheme under the Anti-Epidemic Fund set up by the Hong Kong Government. The purpose of the Employment Support Scheme was to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group was required not to make redundancies during the subsidy period and to spend all of the funding on paying wages to their employees. There were no unfulfilled conditions or contingencies relating to this government grant in which it was recognised during the six months ended 30 September 2022.

7. OTHER OPERATING EXPENSES

| | Unaudited | |
|---|-------------------------------|---------------|
| | Six months ended 30 September | |
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| Fair value change of investments at fair value through profit or loss | 28 | 28 |
| Foreign exchange differences, net | 235 | - |
| Loss on write off/disposal of property, plant and equipment | 8 | 50 |
| Provision for impairment loss on property, plant and equipment | - | 7,774 |
| Provision for impairment loss on right-of-use assets | 3,271 | 2,256 |
| | <u>3,542</u> | <u>10,108</u> |

8. PROFIT BEFORE TAXATION

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

| | Unaudited | |
|--|-------------------------------|----------|
| | Six months ended 30 September | |
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| Auditors' remuneration | 398 | 398 |
| Cost of inventories sold, including | 252,436 | 283,387 |
| – provision for and write down of inventories to net realisable value | 4,011 | 1,417 |
| Depreciation of investment properties | 36 | 36 |
| Depreciation of property, plant and equipment | 1,718 | 3,341 |
| Depreciation of right-of-use assets | 13,826 | 22,544 |
| Outgoings in respect of investment properties | 144 | 130 |
| Provision for long service payments | | |
| – provided against the account | 1,908 | 32 |
| – reversal of provision | (18) | (14) |
| Rental expenses for variable lease payments | 466 | 999 |
| Rental expenses on short term lease in respect of furniture and fixtures | 1 | 1 |

9. TAXATION

No Hong Kong profits tax has been provided for the six months ended 30 September 2022 and 2023 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 2022 and 2023 respectively as the Group has no estimated assessable profit.

10. DIVIDENDS

| | Unaudited | |
|---|--------------------------------------|-----------------|
| | Six months ended 30 September | |
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| Dividends recognised as distribution during the period: | | |
| 2022/23 final dividend of HK2.0 cents (2021/22 final dividend: HK1.6 cents) per ordinary share | 18,186 | 14,570 |
| 2022/23 special dividend of HK8.0 cents (2021/22 special dividend: Nil) per ordinary share | 72,745 | - |
| | 90,931 | 14,570 |
| Dividends declared after the end of the reporting period: | | |
| 2023/24 interim dividend of HK0.4 cent (2022/23 interim dividend: HK0.4 cent) per ordinary share | 3,637 | 3,639 |

The interim dividend is not recognised as a liability as at 30 September 2023 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\$43,735,000 (for the six months ended 30 September 2022: HK\$38,626,000) and the weighted average number of 909,345,350 (for the six months ended 30 September 2022: 911,263,361) ordinary shares in issue during the period, is calculated as follows:

| | Unaudited | |
|--|--------------------------------------|-----------------|
| | Six months ended 30 September | |
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| Profit attributable to owners of the Company | 43,735 | 38,626 |
| | 909,358,465 | 911,658,465 |
| Weighted average number of ordinary shares | (13,115) | (395,104) |
| Issued ordinary shares at 1 April | 909,358,465 | 911,658,465 |
| Effect of ordinary shares repurchased and cancelled (note) | (13,115) | (395,104) |
| Weighted average number of ordinary shares at 30 September | 909,345,350 | 911,263,361 |

Note: The weighted average number of ordinary shares outstanding during the six months ended 30 September 2023 was adjusted for the effect of 50,000 (for the six months ended 30 September 2022: 1,500,000) 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 2022 and 2023 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 2023, 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\$10,766,000 and HK\$29,407,000 respectively (for the six months ended 30 September 2022: HK\$10,703,000 and HK\$2,777,000 respectively). Based on the impairment assessment, provision for impairment loss on right-of-use assets of HK\$3,271,000 (for the six months ended 30 September 2022: HK\$2,256,000) was recognised and charged to the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2023.

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 | | Audited | |
|-------------------------------------|---|---|---|---|
| | As at 30 September 2023 | | As at 31 March 2023 | |
| | 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 | 36,443 | 39,261 | 28,589 | 30,151 |
| After 1 year but within 2 years | 16,397 | 17,253 | 9,692 | 10,023 |
| After 2 years but within 5 years | 4,650 | 4,863 | 2,501 | 2,557 |
| | <u>57,490</u> | <u>61,377</u> | <u>40,782</u> | <u>42,731</u> |
| Less: Total future interest charges | | <u>(3,887)</u> | | <u>(1,949)</u> |
| Present value of lease liabilities | | <u>57,490</u> | | <u>40,782</u> |

13. DEBTORS, DEPOSITS AND PREPAYMENTS

| | Unaudited As at 30 September 2023 HK\$'000 | Audited As at 31 March 2023 HK\$'000 |
|-------------------------------|--|--|
| Current | | |
| Trade debtors | 8,067 | 1,070 |
| Other receivables | 4,315 | 2,603 |
| Other receivables from a bank | - | 35,969 |
| Commission receivable | 10,425 | 2,966 |
| Rental deposits | 7,573 | 11,689 |
| Other deposits | 2,946 | 1,585 |
| Prepayments | 2,446 | 1,550 |
| | <u>35,772</u> | <u>57,432</u> |
| Non-current | | |
| Rental deposits | <u>5,780</u> | <u>6,751</u> |
| | <u>41,552</u> | <u>64,183</u> |

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

| | Unaudited As at 30 September 2023 HK\$'000 | Audited As at 31 March 2023 HK\$'000 |
|----------------|--|--|
| Within 30 days | 7,864 | 918 |
| 31 – 90 days | 203 | 152 |
| | <u>8,067</u> | <u>1,070</u> |

14. TRADE PAYABLES, DEPOSITS RECEIVED AND OTHER PAYABLES

| | Unaudited As at 30 September 2023 HK\$'000 | Audited As at 31 March 2023 HK\$'000 |
|-------------------------|--|--|
| Trade payables | 9,613 | 9,690 |
| Other payables | 2,631 | 2,214 |
| Dividend payables | 90,931 | - |
| Accruals and provisions | 14,587 | 16,540 |
| Contract liabilities | 3,443 | 2,823 |
| Deposits received | 20,164 | 15,092 |
| | <u>141,369</u> | <u>46,359</u> |

14. TRADE PAYABLES, DEPOSITS RECEIVED AND OTHER PAYABLES (Continued)

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

| | Unaudited As at 30 September 2023 HK\$'000 | Audited As at 31 March 2023 HK\$'000 |
|-------------------|---|---|
| Within 30 days | 9,568 | 9,629 |
| 31 – 90 days | 45 | 60 |
| More than 90 days | - | 1 |
| | <u>9,613</u> | <u>9,690</u> |

INTERIM DIVIDEND

The Board has resolved the payment of an interim dividend of HK0.4 cent (for the six months ended 30 September 2022: HK0.4 cent) per ordinary share for the six months ended 30 September 2023 to shareholders whose names appear on the register of members of the Company on Friday, 8 December 2023. The interim dividend will be paid on Thursday, 21 December 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Friday, 8 December 2023, 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 Thursday, 7 December 2023 in order to qualify for the interim dividend above mentioned.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Results Overview

The Group is principally engaged in gold ornament, jewellery, watch and gift retailing, bullion trading and diamond wholesaling. More than 90% of the Group's revenue is derived from activities in Hong Kong.

For the six months ended 30 September 2023, the Group recorded total revenue of HK\$363.9 million, representing a decrease of HK\$48.6 million or 11.8% from HK\$412.5 million for the last corresponding period. The Group recorded an unaudited consolidated profit attributable to owners of the Company of HK\$43.7 million for such period as compared to an attributable consolidated profit of HK\$38.6 million for the same period last year.

Business Review

The Group opened a new stand-alone independent watchmaker store, H. Moser & Cie., in Central Building on Pedder Street in December 2022 and operated a total of 7 retail shops in Hong Kong as at 30 September 2023. The revenue of the Group's retailing business for the six months ended 30 September 2023 decreased by HK\$49.8 million or 12.1% to HK\$362.0 million from HK\$411.8 million for the same period last year. After three years, the world finally saw the end of the COVID-19 pandemic at the beginning of this year. With the lifting of COVID-19 related restrictions in Hong Kong and the re-opening of borders, daily lives and shopping habits are gradually returning to normal. However, the combination of high interest rates and geopolitical uncertainties has continued to dampen customer buying sentiment, impacting our jewellery business significantly. The persistently high gold prices have slowed down our gold bullion business. On the other hand the resumption of wedding events has provided a boost to our gold ornaments business, resulting in a double digit growth. In addition, the successful introduction of the independent watchmaker store, H. Moser & Cie., has partially offset the revenue loss caused by the closure of the Audemars Piguet store.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

The decline in the total revenue of the Group was primarily attributed to the sluggish demand for gold bullion and the revenue loss from the closure of the Audemars Piguet store.

However, despite the decrease in revenue, we successfully managed to increase our consolidated profit attributable to owners of the Company. This was achieved by the reduction of distribution and selling costs by HK\$10.3 million, representing a reduction of 16.8% on the same period last year as well as HK\$7.4 million interest income from our fundings, reflecting a significant increase of 236.4% compared to last corresponding period.

Outlook

The Group anticipates that the prevailing high interest rates will persist for a considerable duration, while the macroeconomic situation remains fraught with uncertainties. As a result, the recovery of luxury goods consumption is expected to be a gradual process, and the business environment will continue to present significant challenges. In order to effectively tackle these challenges, we have devised several strategies.

Firstly, we will actively explore new quality watch brands to expand our watch brand portfolio. This strategic initiative aims to diversify our offerings and cater to the evolving preferences of our discerning customers. By incorporating a wider range of reputable watch brands, we can enhance our competitive edge in the market.

Secondly, we are committed to enhancing the appeal of our exquisite jewellery brands. To this end, we recently organized the “Annamarie Cammilli – Firenze to Firenze” exhibition at Central Tai Kwun. This exhibition commemorated Annamarie Cammilli’s 40th anniversary and provided a platform to showcase her remarkable accomplishments and sources of inspiration to the general public. By promoting the unique stories and craftsmanship behind our jewellery brands, we aim to generate greater interest and engagement among potential customers.

Furthermore, we recognize the importance of continuously improving the skill set of our sales team, particularly in the area of high-end client development. We will keep investing in training programs and initiatives to enhance their capabilities and ensure they are well-equipped to effectively engage with our esteemed clientele. Strengthening our sales team will enable us to provide superior customer service and build lasting relationships with high end customers.

Lastly, as part of our expansion plans, we are excited to announce the opening of a new watch store and a new jewellery store in Central Building. These stores, scheduled to launch in December this year, will showcase a curated collection of popular independent watchmaker brands and exquisite jewellery brands. By featuring these high potential brands, we aim to offer our customers a fresh and diverse selection of timepieces and jewellery, thereby enriching their shopping experience and staying ahead of market trends.

In summary, our strategic initiatives include exploring new quality watch brands, enhancing the appeal of our exquisite jewellery brands through exhibitions and events, improving our sales team’s high-end client development skills and opening two new stores to showcase independent watchmaker and jewellery brands. Through these efforts, we aim to navigate the challenging business environment and position ourselves for growth and success in the luxury goods market.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 September 2023, the Company repurchased a total of 50,000 ordinary shares on the Stock Exchange at the total price of HK\$24,000. Save as aforesaid, 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 2023.

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 14 to the Listing Rules throughout the six months ended 30 September 2023 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 2023 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 2023.

DISCLOSURE UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE

The financial information of the Group relating to the year ended 31 March 2023 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 2023 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, 20 November 2023

As at the date of this announcement, the executive directors of the Company are Mr. Tang Yat Sun, Richard, Dr. Fung Yuk Bun, Patrick and Mr. Wong Wei Ping, Martin; the non-executive directors are Mr. Ho Hau Hay, Hamilton and Ms. Veronica Ho; 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.