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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)

GROUP RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

The Board of Directors (the “Board”) of King Fook Holdings Limited (the “Company”) announces the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the financial year ended 31 March 2024 together with the audited comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 March	
		2024 HK\$'000	2023 HK\$'000
Revenue	7	775,573	894,702
Cost of sales		(534,788)	(624,761)
Gross profit		240,785	269,941
Other gains and income	8	25,190	12,962
Distribution and selling costs		(109,365)	(128,208)
Administrative expenses		(52,426)	(50,532)
Other operating expenses	9	(17,444)	(21,384)
Operating profit		86,740	82,779
Finance costs		(4,149)	(3,327)
Profit before taxation	10	82,591	79,452
Taxation	11	2,600	-
Profit for the year		85,191	79,452

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

	Notes	Year ended 31 March	
		2024 HK\$'000	2023 HK\$'000
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(348)	(572)
Release of exchange reserve upon liquidation of a subsidiary		(2,319)	-
<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		380	(445)
Other comprehensive income for the year		<u>(2,287)</u>	<u>(1,017)</u>
Total comprehensive income for the year		<u>82,904</u>	<u>78,435</u>
Profit/(loss) for the year attributable to:			
- Owners of the Company		85,205	79,466
- Non-controlling interests		(14)	(14)
		<u>85,191</u>	<u>79,452</u>
Total comprehensive income for the year attributable to:			
- Owners of the Company		82,918	78,449
- Non-controlling interests		(14)	(14)
		<u>82,904</u>	<u>78,435</u>
Earnings per share		HK cents	HK cents
- Basic and diluted	13	<u>9.37</u>	<u>8.73</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 March	
		2024 HK\$'000	2023 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		10,222	4,740
Right-of-use assets	14	31,575	24,000
Investment properties		744	816
Investments at fair value through other comprehensive income		706	326
Other asset		356	356
Deposits	15	7,148	6,751
Deferred tax assets		2,600	-
		<u>53,351</u>	<u>36,989</u>
Current assets			
Inventories		414,979	387,379
Debtors, deposits and prepayments	15	24,310	57,432
Investments at fair value through profit or loss		146	173
Time deposits		193,299	71,151
Cash and cash equivalents		231,231	301,060
		<u>863,965</u>	<u>817,195</u>
Total assets		<u>917,316</u>	<u>854,184</u>
Current liabilities			
Trade payables, deposits received and other payables	16	58,649	46,359
Gold loan		58,109	-
Lease liabilities	14	31,000	28,589
		<u>147,758</u>	<u>74,948</u>
Net current assets		<u>716,207</u>	<u>742,247</u>
Total assets less current liabilities		<u>769,558</u>	<u>779,236</u>
Non-current liabilities			
Provision for long service payments		2,000	66
Lease liabilities	14	12,274	12,193
		<u>14,274</u>	<u>12,259</u>
Net assets		<u>755,284</u>	<u>766,977</u>
CAPITAL AND RESERVES			
Share capital		393,354	393,354
Other reserves		32,341	34,628
Retained profits		329,525	338,917
Equity attributable to owners of the Company		<u>755,220</u>	<u>766,899</u>
Non-controlling interests		<u>64</u>	<u>78</u>
Total equity		<u>755,284</u>	<u>766,977</u>

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 consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and have been prepared in compliance with the Hong Kong Companies Ordinance.

2. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, 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	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

Except for Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of Accounting Policies*, none of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period and financial statements disclosures.

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

Amendments to HKAS 1 and HKFRS Practice Statement 2: *Disclosure of Accounting Policies*

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

3. NEW OR REVISED HKFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective. The Group anticipates 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.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback 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 Group is currently assessing the impact of these new accounting standards and amendments. The Group does not anticipate that the application of the amendments and revision in the future will have an impact on the Group's consolidated financial statements.

4 New guidance on accounting for the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 ("the Amendment Ordinance") was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory contributions under the mandatory provident fund ("MPF") scheme to offset severance payment ("SP") and long service payments ("LSP") ("the Abolition"). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 ("the Transition Date").

The following key changes will take effect since the Transition Date:

- Accrued benefits derived from employers' MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.
- The pre-transition LSP/SP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the last month's salary of employment termination date.

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employers' MPF contributions and its LSP obligation and the accounting for the offsetting mechanism could become material in light of the Abolition, the HKICPA published 'Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong' (the "Guidance") in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

- Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee's LSP benefits in terms of HKAS 19.93(a)
- Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

The Group has not recognised any cumulative catch-up adjustment in profit or loss for the service cost and interest charge for the year ended 31 March 2023 as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition is immaterial.

5. USE OF JUDGEMENTS AND ESTIMATES

In preparing the consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group's annual consolidated financial statements for the year ended 31 March 2023.

6. 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 years ended 31 March 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 years ended 31 March 2023 and 2024 respectively, no revenue from a single customer accounted for 10% or more of the total revenue of the Group.

7. 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 year comprised the following:

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Revenue from contracts with customers:		
Gold ornament, jewellery, watch and gift retailing	733,364	834,659
Bullion trading	39,863	58,220
Diamond wholesaling	2,346	1,823
	<u>775,573</u>	<u>894,702</u>
Total revenue	<u>775,573</u>	<u>894,702</u>
Timing of revenue recognition:		
At a point in time	<u>775,573</u>	<u>894,702</u>

8. OTHER GAINS AND INCOME

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Dividend income	35	57
Fair value change of investments at fair value through profit or loss	-	22
Fair value gain on realisation of bullion contract	3,290	-
Gain on release of exchange reserve upon liquidation of a subsidiary	2,319	-
Government grant (note)	-	3,110
Interest income from financial assets at amortised cost	17,031	8,378
Interest income from rental deposits	686	293
Rental income on investment properties	1,220	1,045
Others	609	57
	<u>25,190</u>	<u>12,962</u>

Note: During the year ended 31 March 2023, the Group applied for funding support from the Employment Support Scheme under the Anti-Epidemic Fund set up by the Hong Kong Government. There was no unfulfilled conditions or contingencies relating to this government grant in which it was recognised during the year ended 31 March 2023.

9. OTHER OPERATING EXPENSES

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Fair value change of investments at fair value through profit or loss	27	-
Fair value loss on gold loan designated at fair value through profit or loss	8,158	-
Fair value loss on realisation of bullion contracts	-	5,944
Foreign exchange differences, net	394	276
Loss arising from termination of a lease	17	-
Loss on write off/disposal of property, plant and equipment	17	73
Provision for impairment loss on property, plant and equipment	-	7,774
Provision for impairment loss on right-of-use assets	8,831	7,317
	<u>17,444</u>	<u>21,384</u>

10. PROFIT BEFORE TAXATION

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

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Auditors' remuneration	844	813
Cost of inventories sold, including	533,645	623,824
– provision for and write down of inventories to net realisable value	7,894	14,869
Depreciation of investment properties	72	72
Depreciation of property, plant and equipment	4,006	6,221
Depreciation of right-of-use assets	30,763	45,103
Outgoings in respect of investment properties	320	258
Provision for long service payments		
– provision	2,044	33
– reversal of provision	(19)	(13)
Rental expenses for variable lease payments	17	2,523
Rental expenses on short term lease in respect of car parking space	19	-
Rental expenses on short term lease in respect of furniture and fixtures	1	1

11. TAXATION

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Deferred tax – Hong Kong	2,600	-
Taxation credit	2,600	-

No Hong Kong profits tax has been provided for the years ended 31 March 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 years ended 31 March 2023 and 2024 respectively as the Group has no estimated assessable profit.

12. DIVIDENDS

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Dividends recognised as distribution during the year:		
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	-
2023/24 interim dividend of HK0.4 cent		
(2022/23 interim dividend: HK0.4 cent) per ordinary share	3,637	3,639
	94,568	18,209

12. DIVIDENDS (Continued)

At a meeting held on 17 June 2024, the Board recommended a final dividend of HK2.6 cents (2023: HK2.0 cents) per ordinary share and a special dividend of Nil (2023: HK8.0 cents) per ordinary share for the year ended 31 March 2024 which are subject to approval by the shareholders of the Company at the forthcoming annual general meeting. The proposed final dividend is not reflected as dividend payable as at 31 March 2024 in the consolidated financial statements.

13. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit for the year attributable to owners of the Company of HK\$85,205,000 (2023: HK\$79,466,000) and the weighted average number of 909,326,908 (2023: 910,509,013) ordinary shares in issue during the year, calculated as follows:

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Profit attributable to owners of the Company	85,205	79,466
	As at 31 March	
	2024	2023
Weighted average number of ordinary shares		
Issued ordinary shares at 1 April	909,358,465	911,658,465
Effect of ordinary shares repurchased and cancelled (note)	(31,557)	(1,149,452)
Weighted average number of ordinary shares at 31 March	909,326,908	910,509,013

Note: The weighted average number of ordinary shares outstanding during the year was adjusted for the effect of 50,000 (2023: 2,300,000) 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 years ended 31 March 2023 and 2024 respectively are the same as there were no dilutive potential ordinary shares in issue during both years.

14. 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 fixed payments and variable payments that are based on sales over the lease terms.

Right-of-use assets

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period is as follows:

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Properties	30,691	22,298
Furniture and equipment	884	1,702
	<u>31,575</u>	<u>24,000</u>

During the year, additions of right-of-use assets of HK\$10,766,000 (2023: HK\$10,703,000) represented the capitalised lease payments payable under new lease agreements.

Movement of right-of-use assets during the year is as follows:

	Properties HK\$'000	Furniture and equipment HK\$'000	Total HK\$'000
As at 1 April 2022	51,619	1,438	53,057
Additions	10,703	-	10,703
Depreciation	(44,264)	(839)	(45,103)
Impairment loss	(7,295)	(22)	(7,317)
Lease modifications	11,535	1,125	12,660
	<u>22,298</u>	<u>1,702</u>	<u>24,000</u>
As at 31 March 2023 and 1 April 2023	22,298	1,702	24,000
Additions	10,766	-	10,766
Depreciation	(29,961)	(802)	(30,763)
Impairment loss	(8,831)	-	(8,831)
Lease modifications	36,419	-	36,419
Loss arising from termination of a lease	-	(16)	(16)
	<u>30,691</u>	<u>884</u>	<u>31,575</u>

14. LEASES (Continued)

Lease liabilities

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

	As at 31 March			
	2024		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	31,000	33,037	28,589	30,151
After 1 year but within 2 years	9,711	10,190	9,692	10,023
After 2 years but within 5 years	2,563	2,630	2,501	2,557
	<u>43,274</u>	<u>45,857</u>	<u>40,782</u>	<u>42,731</u>
Less: Total future interest charges		<u>(2,583)</u>		<u>(1,949)</u>
Present value of lease liabilities		<u>43,274</u>		<u>40,782</u>

The present value of future lease payments is analysed as follows:

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Current liabilities	31,000	28,589
Non-current liabilities	12,274	12,193
	<u>43,274</u>	<u>40,782</u>

15. DEBTORS, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Current		
Trade debtors	8,047	1,070
Other receivables	5,198	5,569
Other receivables from a bank	-	35,969
Rental deposits	6,409	11,689
Other deposits	1,503	1,585
Prepayments	3,153	1,550
	<u>24,310</u>	<u>57,432</u>
Non-current		
Rental deposits	<u>7,148</u>	<u>6,751</u>
	<u>31,458</u>	<u>64,183</u>

15. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

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

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Within 30 days	7,742	918
31 – 90 days	272	152
More than 90 days	33	-
	<u>8,047</u>	<u>1,070</u>

16. TRADE PAYABLES, DEPOSITS RECEIVED AND OTHER PAYABLES

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Trade payables	17,732	9,690
Other payables	2,666	2,214
Accruals and provision	18,389	16,540
Contract liabilities	3,720	2,823
Deposits received	16,142	15,092
	<u>58,649</u>	<u>46,359</u>

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

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Within 30 days	17,257	9,629
31 – 90 days	475	60
More than 90 days	-	1
	<u>17,732</u>	<u>9,690</u>

17. EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group entered into a lease agreement for the use of a new retail store at Harbour City with a term of 3 years at the total lease payment of HK\$11,651,000.

DIVIDENDS

The Board has resolved the payment of a final dividend of HK2.6 cents (2023: HK2.0 cents) per ordinary share and a special dividend of Nil (2023: HK8.0 cents) per ordinary share for the year ended 31 March 2024 to shareholders whose names appear on the register of members of the Company on Monday, 16 September 2024 subject to the approval of shareholders at the forthcoming annual general meeting to be held on Tuesday, 10 September 2024 (the "Meeting"). The dividend warrants for the proposed final dividend are expected to be despatched to shareholders on or about Friday, 4 October 2024.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the rights to attend and vote at the Meeting, the register of members of the Company will be closed from Thursday, 5 September 2024 to Tuesday, 10 September 2024, both days inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (the "Share Registrar"), not later than 4:30 p.m. on Wednesday, 4 September 2024.

In order to determine entitlement to the final dividend to be approved at the Meeting, the register of members of the Company will be closed on Monday, 16 September 2024 during which day no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Share Registrar not later than 4:30 p.m. on Friday, 13 September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Results Overview

For the year ended 31 March 2024, the Group recorded total revenue of HK\$775.6 million, representing a decrease of HK\$119.1 million or 13.3% from HK\$894.7 million of last year. The Group achieved a consolidated profit attributable to owners of the Company for the year ended 31 March 2024 of HK\$85.2 million, which represents an increase of 7.2% as compared to HK\$79.5 million last year. The increase in profit was primarily due to improved gross profit margin of products and increase in interest income.

The Group's distribution and selling costs for the year ended 31 March 2024 decreased by 14.7% to HK\$109.4 million as compared to HK\$128.2 million for the previous year. There was significant decrease in depreciation of property, plant and equipment and right-of-use assets as a result of closure of the Audemars Piguet store. The Group's administrative costs for the year ended 31 March 2024 increased by 3.8% to HK\$52.4 million as compared to HK\$50.5 million for the previous year mainly due to increase in salary and bonus payment to staff.

Business Review

The slower than expected global economic recovery, sluggishness of the gem-set jewellery market, high gold prices and closure of the Audemars Piquet store have all affected our jewellery, gold and watch retailing business. As a result, our retailing business showed a 13.4% decline on the year. Retailing revenue decreased to HK\$773.2 million from HK\$892.9 million for the previous year.

The continuous record-breaking high gold prices, driven by the ongoing geopolitical tensions, increase in central bank's gold reserves and risk averse investment sentiment slowed down our sales of gold products. On the other hand, the high gold price stimulated customers to cash out their gold ornaments and our profits related to gold repurchase services have increased significantly. The normalized outbound travel of local customers and changing consumption patterns of mainland tourists hit our jewellery business significantly, causing a low double digit decline for the year ended 31 March 2024.

The watch business continues to face challenging conditions, with many watch brands continuing to review their selling and distribution policies. In this regard, we are actively seeking out potential new watch brands to enhance our offerings. In December 2023, we opened a new watch store in Central Building, which offers a collection of popular independent watchmaker brands and introduces the trend of watch style and craftsmanship to our customers. Apart from the new watch store, we also opened a new jewellery store in Central Building in December 2023. It is a new concept store focusing on our exclusive brand, Stenzhorn, which is a famous European brand with excellent craftsmanship and life style inspiration. These new store openings are part of our strategy to diversify our product offerings and provide a more engaging shopping experience for our customers. Despite the ongoing challenges in the watch market, we are confident that these initiatives will help strengthen our position and drive future growth.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

To address the decline in retailing revenue, we have been working on several measures, including: 1) enhancing customer experience: we are investing in improving the in store ambiance, providing exceptional customer service and offering value-added services to differentiate ourselves from competitors. 2) Implementing targeted marketing: we are leveraging data-driven insights to personalize our messaging, customer events and promotions in order to attract new customers and retain existing ones. 3) Carrying out cost optimisation: we are reviewing our cost structure and identifying opportunities to cut unnecessary expenses without compromising the quality of customer experience. Although the year was full of challenges, our same store sales growth was kept to a slight increase of 1% for the full year.

Despite there is a decline in our revenue, we achieved an increase in our profit attributed to owners for the year ended 31 March 2024 due to the significant reduction of distribution and selling costs as a result of the closure of Audemars Piguet store, improved gross profit margin and increase in interest income.

Future Outlook

Although the retail environment in Hong Kong is still full of challenges, the expectation of interest rate cut in the second half year and stabilization of stock and property markets in the second quarter may stimulate customer buying sentiment. We always equip ourselves to capture opportunities arising on the recovery of vulnerable economic environment and to mitigate risks in the changing market conditions.

In the coming year, we will strive to maintain our competitiveness and profitability by capitalizing on our long heritage Masterpiece and King Fook brands, expanding our jewellery and watches brand and product portfolio, enlarging our customer base and enriching their shopping experience, improving our operational efficiencies and investing in our people, and exercising strict expense and inventory control.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, 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 year.

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 year ended 31 March 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 OF ANNUAL RESULTS

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 including review of the results for the year ended 31 March 2024.

SCOPE OF WORK OF BDO LIMITED

The figures in this preliminary announcement in respect of the Group's results for the year ended 31 March 2024 have been reviewed and agreed by the Group's auditor, BDO Limited ("BDO"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO on this preliminary announcement.

DISCLOSURE UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE

The financial information of the Group relating to the two years ended 31 March 2023 and 2024 respectively included in this preliminary announcement of the annual results for the year ended 31 March 2024 does not constitute the Company's statutory annual consolidated financial statements for those years 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 and will deliver the financial statements for the year ended 31 March 2024 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; 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, 17 June 2024

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.