

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **3DG HOLDINGS (INTERNATIONAL) LIMITED**

**金至尊集團(國際)有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 2882)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2024**

#### **HIGHLIGHTS**

- In January 2024, Luk Fook Holdings (International) Limited<sup>1</sup>, a leading jewellery retailer in Hong Kong and Mainland China which is listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 0590), completed the acquisition of 3DG Holdings (International) Limited.
- The Group is redeveloping its corporate strategies and has initiated its retail network expansion through self-operating shops in Hong Kong SAR, China<sup>2</sup>, Macau SAR, China<sup>3</sup> and Mainland China<sup>4</sup>. Additionally, the Group is redeploying its licensing business.
- Annual revenue amounted to HK\$587 million, a 5% decrease compared to the previous year. For the second half of 2023/24, revenue reached HK\$335 million, a modest 3% increase compared to the same period in the prior year. Gross margin increased 3 p.p. to 29%.
- Loss for the year increased by 34% to HK\$209 million, while loss attributable to equity holders increased by 51% to HK\$135 million. These increases were mainly attributed to hedging loss caused by the surge in gold price, which impacted the fair values of the gold loans.

<sup>1</sup> Luk Fook Holdings (International) Limited: Hereafter refers to as “Luk Fook”

<sup>2</sup> Hong Kong SAR, China: Hereafter refers to as “Hong Kong”

<sup>3</sup> Macau SAR, China: Hereafter refers to as “Macau”

<sup>4</sup> Mainland China: Hereafter refers to as “Mainland”

**FINANCIAL PERFORMANCE**

	<b>2024</b>	2023	Y-o-Y
	<b>HK\$'000</b>	HK\$'000	Changes
Revenue*	<b>586,896</b>	618,514	-5%
Gross Profit*	<b>170,242</b>	161,273	+6%
Operating Loss*	<b>(128,019)</b>	(80,880)	+58%
Loss for the year	<b>(208,746)</b>	(155,719)	+34%
Loss Attributable to Equity Holders	<b>(135,316)</b>	(89,744)	+51%
Basic Earnings per Share	<b>(0.502)</b>	(0.333)	+51%
Gross Margin*	<b>29%</b>	26%	+3 p.p.
Operating Margin*	<b>(22%)</b>	(13%)	-9 p.p.
Net Margin*	<b>(36%)</b>	(25%)	-11 p.p.
Total Operating Expenses to Revenue Ratio*	<b>55%</b>	41%	+14 p.p.
Effective Tax Rate	<b>2%</b>	2%	-
EBITDA**	<b>(86,982)</b>	(53,231)	+63%
Adjusted EBITDA***	<b>(110,571)</b>	(69,280)	+60%

\* Including continuing operations only

\*\* Represents a non-HKFRS financial measure

\*\*\* Adjusted EBITDA represents earnings before interest, taxes, depreciation and amortisation without depreciation of right-of-use assets

The board of directors (the “**Board**”) of 3DG Holdings (International) Limited (the “**Company**” or “**3DG**”) hereby presents the consolidated annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 30 June 2024 (“**FY2024**” or the “**Year under review**”) together with the comparative figures as follows:

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

For the year ended 30 June 2024

	<i>Notes</i>	<b>2024</b> <i>HK\$’000</i>	2023 <i>HK\$’000</i> (Restated)
<b>Continuing operations</b>			
Revenue	5	<b>586,896</b>	618,514
Cost of sales and services rendered		<b>(416,654)</b>	(457,241)
Gross profit		<b>170,242</b>	161,273
Other income		<b>22,468</b>	10,273
Selling expenses		<b>(188,928)</b>	(174,939)
General and administrative expenses		<b>(72,018)</b>	(66,838)
Other gains and losses		<b>(5,655)</b>	(11,325)
Net losses on gold loans from a fellow subsidiary		<b>(54,128)</b>	–
Reversal of impairment loss on trade and other receivables recognised under expected credit loss model		<b>–</b>	676
Operating loss		<b>(128,019)</b>	(80,880)
Change in fair value of derivatives embedded in convertible bonds		<b>413</b>	(219)
Finance costs	6	<b>(88,077)</b>	(78,855)
Loss before taxation from continuing operations	7	<b>(215,683)</b>	(159,954)
Income tax credit	8	<b>4,230</b>	2,685
Loss from continuing operations		<b>(211,453)</b>	(157,269)
<b>Discontinued operation</b>			
Profit from discontinued operation	<i>13(a)</i>	<b>2,707</b>	1,550
Loss for the year		<b>(208,746)</b>	(155,719)

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000 (Restated)
Other comprehensive (expense)/income:			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange difference arising on translation		<u>(10,299)</u>	<u>15,615</u>
<i>Items that will be reclassified to profit or loss:</i>			
Exchange difference arising on translation of foreign operations arising from continuing operations		<b>6,938</b>	(51,285)
Exchange difference arising on translation of foreign operations arising from discontinued operation		<u>(412)</u>	<u>(310)</u>
		<u>6,526</u>	<u>(51,595)</u>
Other comprehensive expense for the year		<u>(3,773)</u>	<u>(35,980)</u>
Total comprehensive expense for the year		<u><b>(212,519)</b></u>	<u>(191,699)</u>
Loss for the year attributable to:			
Owners of the Company		<b>(135,316)</b>	(89,744)
Non-controlling interests		<u>(73,430)</u>	<u>(65,975)</u>
		<u><b>(208,746)</b></u>	<u>(155,719)</u>
(Loss)/profit for the year attributable to owners of the Company arising from:			
Continuing operations		<b>(140,144)</b>	(88,293)
Discontinued operation	<i>13(a)</i>	<u>4,828</u>	<u>(1,451)</u>
		<u><b>(135,316)</b></u>	<u>(89,744)</u>
(Loss)/profit for the year attributable to non-controlling interests arising from:			
Continuing operations		<b>(71,309)</b>	(68,976)
Discontinued operation	<i>13(a)</i>	<u>(2,121)</u>	<u>3,001</u>
		<u><b>(73,430)</b></u>	<u>(65,975)</u>

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000 (Restated)
Total comprehensive expense for the year attributable to:			
Owners of the Company		(134,245)	(110,792)
Non-controlling interests		<u>(78,274)</u>	<u>(80,907)</u>
		<b><u>(212,519)</u></b>	<b><u>(191,699)</u></b>
Total comprehensive (expense)/income for the year attributable to owners of the Company arising from:			
Continuing operations		(136,529)	(109,210)
Discontinued operation	<i>13(a)</i>	<u>2,284</u>	<u>(1,582)</u>
		<b><u>(134,245)</u></b>	<b><u>(110,792)</u></b>
Loss per ordinary share for loss arising from continuing and discounted operations:			
Basic	<i>10</i>	<b><u>(HK\$0.502)</u></b>	<b><u>(HK\$0.333)</u></b>
Diluted	<i>10</i>	<b><u>(HK\$0.502)</u></b>	<b><u>(HK\$0.333)</u></b>
Loss per ordinary share for loss arising from continuing operations:			
Basic	<i>10</i>	<b><u>(HK\$0.520)</u></b>	<b><u>(HK\$0.327)</u></b>
Diluted	<i>10</i>	<b><u>(HK\$0.520)</u></b>	<b><u>(HK\$0.327)</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>31,579</b>	15,377
Right-of-use assets		<b>57,368</b>	15,362
Deposits paid		<b>7,956</b>	2,701
Intangible assets		<b>162,976</b>	168,066
Equity instruments at fair value through other comprehensive income (“FVTOCI”)		–	–
Deferred tax assets		<b>25,906</b>	22,795
		<hr/> <b>285,785</b>	<hr/> 224,301
<b>Current assets</b>			
Inventories		<b>728,097</b>	532,889
Right to returned goods asset		<b>3,127</b>	2,665
Trade and other receivables and deposits paid	<i>11</i>	<b>65,107</b>	75,236
Derivative component of convertible bonds		–	9,577
Pledged bank deposits		–	864,396
Bank balances and cash		<b>31,918</b>	71,229
		<hr/> <b>828,249</b>	<hr/> 1,555,992

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Current liabilities</b>			
Trade and other payables, accruals and deposits received	12	157,978	152,852
Loans from fellow subsidiaries		812,591	–
Gold loans from a fellow subsidiary		498,087	–
Bank and other borrowings		–	1,715,211
Contract liabilities		7,642	14,371
Refund liabilities		10,713	9,668
Lease liabilities		23,883	13,749
Derivative component of convertible bonds		–	10,079
Income tax liabilities		–	122
Amount due to a director		–	3,394
Convertible bonds		–	87,452
		<u>1,510,894</u>	<u>2,006,898</u>
<b>Net current liabilities</b>		<u>(682,645)</u>	<u>(450,906)</u>
<b>Total assets less current liabilities</b>		<u>(396,860)</u>	<u>(226,605)</u>
<b>Non-current liabilities</b>			
Lease liabilities		35,929	2,118
Loan from a fellow subsidiary		100,000	–
Loan from a non-controlling shareholder of a subsidiary		–	100,000
Deferred tax liabilities		40,746	42,016
		<u>176,675</u>	<u>144,134</u>
<b>NET LIABILITIES</b>		<u>(573,535)</u>	<u>(370,739)</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital		270	270
Reserves		<u>(314,775)</u>	<u>(191,993)</u>
		<u>(314,505)</u>	<u>(191,723)</u>
Non-controlling interests		<u>(259,030)</u>	<u>(179,016)</u>
<b>TOTAL DEFICIT</b>		<u>(573,535)</u>	<u>(370,739)</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 1. GENERAL INFORMATION

The Company is an exempted company with limited liability incorporated in Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Upon the completion of acquisition of the Company’s shares on 12 January 2024 and the completion of unconditional mandatory cash offers on 9 February 2024 (collectively the “**Acquisition**”) by Luk Fook 3D Investment Holding Company Limited (“**Luk Fook 3D Investment**”), Luk Fook 3D Investment and Luk Fook are the immediate holding company and the ultimate holding company of the Company respectively. Luk Fook 3D Investment and Luk Fook are companies with limited liability incorporated in Hong Kong and Bermuda respectively. The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of the principal place of business of the Company was changed from Room 2306, 23/F, Tower One, Lippo Centre, No 89 Queensway, Hong Kong to Units 06-11, 15/F, Metropole Square, No. 2 On Yiu Street, Shek Mun, Shatin, New Territories, Hong Kong with effect from 27 February 2024.

## 2. CHANGE OF ACCOUNTING ESTIMATE

In previous years, intangible assets were considered by the directors of the Company as having indefinite useful life. The intangible assets were not amortised. Upon the completion of the Acquisition, intangible assets have been amortised over the estimated useful life of 16.5 years. Subsequent to the Acquisition, the ultimate holding company of the Company became Luk Fook. Luk Fook and its subsidiaries are principally engaged in the sourcing, designing, wholesaling, trademark licensing and retailing of a variety of gold and platinum jewellery and gem-set jewellery products. The valuable experience in jewellery industry provided by the management of Luk Fook, together with the marketing research provided by an international market consultant which is independent to the Group, the Board reassessed the estimated useful life of the intangible assets (i.e. trademarks), and considered that there is a structural change of product life cycle of those trademarked products resulting from the foreseeable technological change, especially the real application of artificial intelligence in the jewellery market starting from 2024. The trademarked products are no longer to contribute net cash inflows indefinitely. Consequently, the intangible assets have been amortised over the useful life of 16.5 years, which is estimated by the management of the Group.

This change in the useful life of intangible assets has increased the amortisation charge for the year ended 30 June 2024 by approximately HK\$5,090,000. It is estimated that this change will increase the amortisation charge for each subsequent year by approximately HK\$10,186,000 until the end of the useful life.

The Board is of the opinion that the financial impact on the change of accounting estimate is not material to the Group as a whole.



### 3. GOING CONCERN BASIS

The Group incurred a net loss of approximately HK\$208,746,000 during the year ended 30 June 2024 and as at that date, the Group had net current liabilities and net liabilities of approximately HK\$682,645,000 and HK\$573,535,000 respectively. Among its current liabilities as of 30 June 2024 were interest-free loans of approximately HK\$13,287,000, interest-bearing loans of approximately HK\$799,304,000 and gold loans of approximately HK\$498,087,000. All types of loans were provided by the Group's fellow subsidiaries, which are controlled by Luk Fook.

In view of these circumstances, the Board has given careful consideration to the liquidity requirements for the Group's operations, the Group's performance, and available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern. The Board has reviewed the Group's cash flow forecast prepared by the management, which covers a period of twenty-four months from 30 June 2024. The Board has taken into account that since the completion of the Acquisition in January 2024, certain subsidiaries of Luk Fook have provided funding to the Group which enabled the Group to settle all outstanding bank borrowings. As at 30 June 2024, certain subsidiaries of Luk Fook have provided financing to the Group through interest-free loans, interest-bearing loans and gold loans of approximately HK\$113,287,000, HK\$799,304,000 and HK\$498,087,000 respectively. In September 2024, the Company received a deed of continuing financial support from Luk Fook, affirming its irrevocable commitment to provide ongoing financial assistance for the Group's operations. The Board evaluated Luk Fook's financial capacity by reviewing its published consolidated financial statements for the year ended 31 March 2024, which were made available on 28 June 2024, and satisfied with the assessment.

The Board, after due consideration of the basis of the Group's plans and measures as well as the reasonably possible downside changes to the cash flow assumptions in the cash flow projections, considers that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twenty-four months from 30 June 2024. Accordingly, the Board considers it is appropriate to prepare the consolidated financial statements on a going concern basis.

#### 4. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

##### **New and amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 July 2023 for the preparation of the consolidated financial statements.

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

The Group has not applied any new or amendments to HKFRSs that is not yet effective for the current accounting period. The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

##### **New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRS that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>4</sup>
Annual Improvements to HKFRS Accounting Standards 2024	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>4</sup>
HKFRS 18 and consequential amendments to other HKFRSs	Presentation and Disclosure in Financial Statements <sup>5</sup>
HKFRS 19	Subsidiaries without Public Accountability Disclosures <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2027.

The Board is in the process of assessing the potential impacts from the new and amendments to HKFRSs that have been issued but not yet effective for the current year and will disclose further information once the reasonably estimated effect is available.

## 5. REVENUE AND SEGMENT INFORMATION

### Segment information

Information reported to the executive directors of the Company, being the chief operating decision makers (the “**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods and services and geographical location. This is the basis upon which the Group is organised.

As at 30 June 2023, the Group had three reportable segments, which were (i) retail sales and franchising operations for selling gold and jewellery products in Mainland; (ii) retail sales for selling gold and jewellery products in Hong Kong and Macau; and (iii) new media marketing services in Mainland.

Upon the completion of the Acquisition, the ultimate holding company of the Company became Luk Fook and all the directors of the Company were replaced by new directors. In a manner consistent with the way in which information is reporting internally to the Group’s current CODM for the purposes of resource allocation and performance assessment, the reportable segment of the retail sales and franchising operations for selling gold and jewellery products in Mainland is divided into three reportable segments, namely retail sales for selling gold and jewellery products in Mainland; wholesales for gold and jewellery products in Mainland; and franchising operations for selling gold and jewellery products in Mainland. Certain income and expenses, which were previously classified as corporate income and expenses, are considered as part of the segment results of the reportable segments by the current CODM.

In addition, during the year ended 30 June 2024, the revenue and results of the reportable segment, namely new media marketing service business in Mainland, are presented as discontinued operation in accordance with HKFRS 5 “*Non-current Assets Held for Sale and Discontinued Operations*” (“**HKFRS 5**”). Details are further disclosed in Note 13.

Accordingly, the segment information for the year ended 30 June 2023 (“**FY2023**”) has been restated to conform with the current year’s presentation.

Below describes the operations in each of the Group’s identified reportable segments under HKFRS 8 “*Operating Segments*” as at 30 June 2024:

#### *Continuing operations*

- i. Retail sales for gold and jewellery products in Mainland (“**Retailing – Mainland**”);
- ii. Wholesales for gold and jewellery products in Mainland (“**Wholesaling – Mainland**”);
- iii. Franchising operations for gold and jewellery products in Mainland (“**Licensing – Mainland**”);
- iv. Retail sales for gold and jewellery products in Hong Kong and Macau (“**Retailing – Hong Kong and Macau**”);  
and

#### *Discontinued operation*

- v. New media marketing service business in Mainland (“**New Media Marketing – Mainland**”)

Major products of the Group include gold products and jewellery products.

The following is an analysis of the Group’s revenue and results by operating segments for the years ended 30 June 2024 and 2023 (Restated).

## Segment revenues and results

For the year ended 30 June 2024

	Continuing operations					Discontinued operation		Total HK\$'000	
	Retailing – Mainland <sup>1</sup> HK\$'000	Retailing – Hong Kong and Macau <sup>1</sup> HK\$'000	Wholesaling – Mainland <sup>1</sup> HK\$'000	Licensing – Mainland <sup>1</sup> HK\$'000	Inter-segment elimination HK\$'000	Sub-total HK\$'000	New media marketing – Mainland <sup>1</sup> HK\$'000		Sub-total HK\$'000
<b>REVENUE</b>									
<i>Recognised at a point in time</i>									
– Retail sales of goods	336,522	114,602	-	-	-	451,124	-	-	451,124
– Wholesales of goods	-	-	32,894	-	-	32,894	-	-	32,894
– Sales of E-commerce goods	81,085	-	-	-	-	81,085	-	-	81,085
– New media market services	-	-	-	-	-	-	172	172	172
	417,607	114,602	32,894	-	-	565,103	172	172	565,275
– Inter-segment sales	140,709	9,516	21,171	-	(171,396)	-	-	-	-
	558,316	124,118	54,065	-	(171,396)	565,103	172	172	565,275
<i>Recognised overtime</i>									
– Franchising and licensing income	-	-	-	21,793	-	21,793	-	-	21,793
	<u>558,316</u>	<u>124,118</u>	<u>54,065</u>	<u>21,793</u>	<u>(171,396)</u>	<u>586,896</u>	<u>172</u>	<u>172</u>	<u>587,068</u>
<b>RESULT</b>									
Segment profit/(loss)	<u>1,567</u>	<u>(23,742)</u>	<u>(6,407)</u>	<u>(18,720)</u>	<u>-</u>	<u>(47,302)</u>	<u>(7,196)</u>	<u>(7,196)</u>	<u>(54,498)</u>
Unallocated other income						22,288		84	22,372
Unallocated corporate staff and directors' salaries						(22,648)		(1)	(22,649)
Other unallocated corporate expenses						(22,912)		(1,556)	(24,468)
Change in fair value of derivatives embedded in convertible bonds						413		-	413
Net losses on goods loans from a fellow subsidiary						(54,128)		-	(54,128)
Gain on disposal of subsidiaries						-		11,140	11,140
Exchange (loss)/gain, net						(5,492)		218	(5,274)
Unallocated finance costs						(85,902)		(29)	(85,931)
(Loss)/profit before taxation						(215,683)		2,660	(213,023)
Income tax credit						4,230		47	4,277
(Loss)/profit for the year						<u>(211,453)</u>		<u>2,707</u>	<u>(208,746)</u>

For the year ended 30 June 2023 (Restated)

	Continuing operations					Discontinued operation			Total HK\$'000	
	Retailing – Mainland <sup>1</sup> HK\$'000	Retailing – Hong Kong and Macau <sup>1</sup> HK\$'000	Wholesaling – Mainland <sup>1</sup> HK\$'000	Licensing – Mainland <sup>1</sup> HK\$'000	Inter-segment elimination HK\$'000	Sub-total HK\$'000	New media marketing – Mainland <sup>1</sup> HK\$'000	Others <sup>2</sup> HK\$'000		Sub-total HK\$'000
<b>REVENUE</b>										
<i>Recognised at a point in time</i>										
- Retail sales of goods	402,360	88,028	-	-	-	490,388	-	-	-	490,388
- Wholesales of goods	-	-	43,421	-	-	43,421	-	-	-	43,421
- Sales of E-commerce goods	55,106	-	-	-	-	55,106	-	-	-	55,106
- New media market services	-	-	-	-	-	-	183,802	-	183,802	183,802
- Cloud computer solution services	-	-	-	-	-	-	-	1,976	1,976	1,976
	457,466	88,028	43,421	-	-	588,915	183,802	1,976	185,778	774,693
- Inter-segment sales	157,071	-	14,920	-	(171,991)	-	-	-	-	-
	614,537	88,028	58,341	-	(171,991)	588,915	183,802	1,976	185,778	774,693
<i>Recognised overtime</i>										
- Franchising and licensing income	-	-	-	29,599	-	29,599	-	-	-	29,599
	614,537	88,028	58,341	29,599	(171,991)	618,514	183,802	1,976	185,778	804,292
<b>RESULT</b>										
Segment (loss)/profit	(10,497)	(10,966)	(5,999)	(10,310)	-	(37,772)	3,494	-	3,494	(34,278)
Unallocated other income						10,224			227	10,451
Unallocated corporate staff and directors' salaries						(25,435)			(13)	(25,448)
Other unallocated corporate expenses						(16,770)			(1,939)	(18,709)
Change in fair value of derivatives embedded in convertible bonds						(219)			-	(219)
Exchange loss, net						(11,268)			(120)	(11,388)
Unallocated finance costs						(78,714)			(91)	(78,805)
(Loss)/profit before taxation						(159,954)			1,558	(158,396)
Income tax credit/(expense)						2,685			(8)	2,677
(Loss)/profit for the year						(157,269)			1,550	(155,719)

<sup>1</sup> Reportable segment.

<sup>2</sup> Others represent other operating segment that is not reportable, which includes cloud computer solution services in Mainland.

Segment (loss)/profit represents the (loss)/profit of each reportable segment without allocation of unallocated other income, unallocated corporate staff and directors' salaries, other unallocated corporate expenses, change in fair value of derivatives embedded in convertible bonds, net losses on gold loans from a fellow subsidiary, gain on disposal of subsidiaries, net exchange (loss)/gain, unallocated finance costs and income tax credit/(expense). This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

## 6. FINANCE COSTS

	2024		
	Continuing operations <i>HK\$'000</i>	Discontinued operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Interests on:			
Bank and other borrowings	63,733	–	63,733
Loans from fellow subsidiaries	18,492	–	18,492
Lease liabilities	3,066	46	3,112
Gold loans from a fellow subsidiary	1,423	–	1,423
Effective interest on convertible bonds	1,363	–	1,363
	<b>88,077</b>	<b>46</b>	<b>88,123</b>
	2023 (Restated)		
	Continuing operations <i>HK\$'000</i>	Discontinued operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Interests on:			
Bank and other borrowings	74,228	13	74,241
Lease liabilities	1,264	165	1,429
Effective interest on convertible bonds	3,363	–	3,363
	<b>78,855</b>	<b>178</b>	<b>79,033</b>

## 7. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	2024		
	Continuing operations <i>HK\$'000</i>	Discontinued operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Auditor's remuneration	1,740	–	1,740
Cost of inventories recognised as an expense	415,348	–	415,348
Depreciation of property, plant and equipment	9,186	53	9,239
Depreciation of right-of-use assets	22,800	789	23,589
Amortisation of intangible assets (included in general and administrative expenses)	5,090	–	5,090
Allowance of inventories, net (included in cost of sales)	1,306	–	1,306
	<u>          </u>	<u>          </u>	<u>          </u>
	2023		
	Continuing operations <i>HK\$'000</i>	Discontinued operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Auditor's remuneration	2,420	–	2,420
Cost of inventories recognised as an expense	454,623	–	454,623
Depreciation of property, plant and equipment	9,983	100	10,083
Depreciation of right-of-use assets	14,447	1,602	16,049
Allowance of inventories, net (included in cost of sales)	2,618	–	2,618
	<u>          </u>	<u>          </u>	<u>          </u>

## 8. INCOME TAX CREDIT

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	104	222
Deferred taxation	<u>(4,381)</u>	<u>(2,899)</u>
	<u>(4,277)</u>	<u>(2,677)</u>
Income tax (credit)/expense attributable to:		
– Continuing operations	(4,230)	(2,685)
– Discontinued operation	<u>(47)</u>	<u>8</u>
	<u>(4,277)</u>	<u>(2,677)</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two– tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for taxation in Hong Kong has been made for both years as the Group incurred tax losses in Hong Kong.

Pursuant to rules and regulations of Bermuda and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in Bermuda and the BVI.

Pursuant to the Enterprise Income Tax Law and Implementation Rules of the PRC, subsidiaries of the Company established in the PRC are subject to an income tax rate of 25% for both years. Pursuant to 《關於延續西部大開發企業所得稅政策的公告》 (Announcement No. 23 of the Ministry of Finance in 2020) issued in April 2020, certain subsidiaries established in Chongqing, the PRC, were subject to a preferential tax rate of 15% from 1 January 2021 to 31 December 2030, when the annual revenue from the encouraged business exceeded 60% of each subsidiary’s total revenue in a fiscal year.

Pursuant to 《關於實施小微企業普惠性稅收減免政策的通知》 (Caishui [2019] No. 13) issued in 2019, certain subsidiaries qualifying as Small and Micro Enterprises whose annual taxable income is less than RMB1 million, 25% of the amount will be reduced, and the PRC Enterprise Income Tax will be at the tax rate of 20%; for the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million, 50% of the amount will be reduced, and the PRC Enterprise Income Tax will be at the tax rate of 20%. Pursuant to 《關於實施小微企業和個體工商戶所得稅優惠政策的公告》 (Caishui [2021] No. 12) issued in 2021, for the portion of annual taxable income less than RMB1 million for Small and Micro Enterprises, on the basis of the preferential policies stipulated in Article 2 of 《關於實施小微企業普惠性稅收減免政策的通知》 (Caishui [2019] No. 13) issued in 2019, the PRC Enterprise Income Tax will be reduced by half.

No provision for the Macau Complementary Tax has been made as the Group has no assessable profits in Macau for both years.

PRC withholding income tax of 5% shall be levied on the dividends declared by the companies established in the PRC to their holding company incorporated in Hong Kong out of their profits earned after 1 January 2008.

## **9. DIVIDENDS**

No dividend was paid or proposed for both years ended 30 June 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.



## 10. LOSS PER ORDINARY SHARE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
(Loss)/profit:		
(Loss)/profit for the year attributable to owners of the Company for the purpose of basic and diluted loss per ordinary share arising from: <i>(note (i))</i>		
– Continuing operations	(140,144)	(88,293)
– Discontinued operation	4,828	(1,451)
	<u>(135,316)</u>	<u>(89,744)</u>
	2024 <i>'000</i>	2023 <i>'000</i>
Number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per ordinary share for the continuing and discontinued operations <i>(notes (i) &amp; (ii))</i>	<u>269,672</u>	<u>269,672</u>
	2024 <i>HK\$</i>	2023 <i>HK\$</i> (Restated)
Basic and diluted (loss)/earning per ordinary share attributable to owners of the Company arising from:		
– Continuing operations	(0.520)	(0.327)
– Discontinued operation	0.018	(0.006)
	<u>(0.502)</u>	<u>(0.333)</u>

### Notes:

- i) The calculation of diluted loss per ordinary share for the years ended 30 June 2024 and 2023 did not assume the conversion of convertible bonds, since the conversion would result in an anti-dilutive effect on the basic loss per ordinary share.
- ii) For the years ended 30 June 2024 and 2023, the computation of diluted loss per ordinary share did not assume the exercise of share options because the share options had an anti-dilutive effect on the basic loss per ordinary share.

## 11. TRADE AND OTHER RECEIVABLES AND DEPOSITS PAID

The Group generally allows a credit period up to 30 days (2023: up to 90 days) to its debtors.

Included in trade and other receivables and deposits paid are trade receivables from contract with customers, net of allowance for credit losses, of approximately HK\$40,865,000 (2023: HK\$47,692,000) and an aged analysis based on invoice date at the end of the reporting period, is as follows:

	2024 HK\$'000	2023 HK\$'000
0-30 days	35,002	36,844
31-60 days	1,696	5,671
61-90 days	2,333	3,448
Over 90 days	1,834	1,729
	<u>40,865</u>	<u>47,692</u>

## 12. TRADE AND OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

Included in trade and other payables, accruals and deposits received are trade payables of approximately HK\$31,359,000 (2023: HK\$31,106,000) and an aged analysis based on the invoice date at the end of the reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
0-30 days	28,779	21,005
31-60 days	2,478	7,571
61-90 days	50	2,304
Over 90 days	52	226
	<u>31,359</u>	<u>31,106</u>

## 13. DISPOSAL OF SUBSIDIARIES

### *During the year ended 30 June 2024*

On 28 July 2023, the Company and Mr. Li Ning (“**Mr. Li**”), who resigned as an executive director of the Company subsequently on 9 February 2024, entered into an agreement, pursuant to which the Company conditionally agreed to sell, and Mr. Li conditionally agreed to purchase, the entire issued share capital of Brand New Management Limited, a wholly owned subsidiary of the Company, for a total consideration of HK\$9,000,000 (the “**Disposal**”). The consideration of the Disposal was subject to adjustment on a dollar-for-dollar basis at the net asset value of Brand New Management Limited and its subsidiaries (the “**Disposal Group**”) as at 30 June 2023. The Disposal Group was principally engaged in the new media marketing service business in Mainland.

On 12 January 2024, the Disposal was completed and the final consideration of the Disposal was HK\$8,896,000, which was the net asset value of the Disposal Group as at 30 June 2023. The Disposal constituted a discontinued operation under HKFRS 5, as the new media marketing service business in Mainland represented one of the reportable segments of the Group.

Financial information relating to the discontinued operation for the period from 1 July 2023 to 12 January 2024 (i.e. the completion date of the Disposal) and the year ended 30 June 2023 as comparative information is set out below.

**a) Financial performance of discontinued operation**

	<i>Notes</i>	<b>For the period from 1 July 2023 to 12 January 2024 <i>HK\$'000</i></b>	<b>For the year ended 30 June 2023 <i>HK\$'000</i></b>
Revenue	5	172	185,778
Cost of services rendered		–	(175,491)
Gross profit		172	10,287
Other income		89	236
Selling expenses		(1,707)	(2,594)
General and administrative expenses		(7,206)	(5,712)
Other gains/(losses)		218	(120)
Impairment loss on trade and other receivables recognised under ECL model		–	(361)
Finance costs	6	(46)	(178)
(Loss)/profit before taxation	7	(8,480)	1,558
Income tax credit/(expense)	8	47	(8)
(Loss)/profit of the period/year		(8,433)	1,550
Gain on the Disposal	13(b)	11,140	–
Profit from discontinued operation		2,707	1,550
Exchange difference arising on translation of foreign operations arising from discontinued operation		(412)	(310)
Total comprehensive income from discontinued operation		<u>2,295</u>	<u>1,240</u>
Profit/(loss) for the period/year arising from discontinued operation attributable to:			
Owners of the Company		4,828	(1,451)
Non-controlling interests		(2,121)	3,001
		<u>2,707</u>	<u>1,550</u>
Total comprehensive income/(expense) from discontinued operation attributable to:			
Owners of the Company		2,284	(1,582)
Non-controlling interests		11	2,822
		<u>2,295</u>	<u>1,240</u>

**b) Assets and liabilities of the Disposal Group on the completion date of the Disposal**

	<i>Note</i>	<b>As at 12 January 2024 HK\$'000</b>
Net assets disposed of:		
Property, plant and equipment		133
Right-of-use assets		1,046
Equity instruments at FVTOCI		–
Trade and other receivables and deposits paid		27,178
Bank balances and cash		3,449
Trade and other payables, accruals and deposits received		(23,353)
Other borrowing		(713)
Contract liabilities		(1,573)
Lease liabilities		(1,152)
Income tax liabilities		(1,328)
Amount due to a director		(3,636)
		<u>51</u>
Non-controlling interests		(1,740)
Release of exchange reserve		(555)
Gain on the Disposal	<i>13(a)</i>	<u>11,140</u>
Total consideration		<u><u>8,896</u></u>

An analysis of the net cash flow arising on the Disposal was as follows:

	<i>HK\$'000</i>
Cash consideration	8,896
Bank balances and cash disposed of	<u>(3,449)</u>
Net cash inflow arising from the Disposal	<u><u>5,447</u></u>

**c) Cash flow information of discontinued operation**

	<b>For the period from 1 July 2023 to 12 January 2024 HK\$'000</b>	<b>For the year ended 30 June 2023 HK\$'000</b>
Net cash (outflow)/inflow from operating activities	(4,822)	634
Net cash inflow/(outflow) from investing activities	1	(192)
Net cash inflow from financing activities	<u>1,317</u>	<u>2,281</u>
Net (decrease)/increase in bank balances and cash of the Disposal Group	<u><u>(3,504)</u></u>	<u><u>2,723</u></u>

#### 14. CAPITAL AND OTHER COMMITMENTS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the consolidated financial statements	<u>509</u>	<u>–</u>

In addition, as at 30 June 2024, the Group was committed to enter into leases of retail shops in the PRC which shall be commenced after the end of the reporting period. The lease payments under which amounted to approximately HK\$23,746,000 (2023: Nil).

#### 15. PLEDGE OF ASSETS

As at 30 June 2023, the Group's bank deposits with carrying amounts of approximately HK\$864,396,000 were pledged to banks as securities to obtain the banking facilities granted to the Group. During the year ended 30 June 2024, all pledged bank deposits were released upon the settlement of relevant loans by the Group.

As at 30 June 2023, the Group has a loan (the “**MF Loan**”) in the principal sum of HK\$10,000,000 granted by an independent money lender (the “**MF Lender**”). The MF Loan was secured by (i) the execution by the Company of the first priority debenture creating a fixed and floating charge over the undertaking, property and assets of the Company in favour of the MF Lender; (ii) the personal guarantee of Mr. Li; and (iii) the personal guarantee of Mr. Wang Chaoguang. Mr. Li and Mr. Wang Chaoguang were the executive directors of the Company as at 30 June 2023 and subsequently resigned on 9 February 2024.

On 28 July 2023, the Company obtained another loan from Luk Fook Finance Company Limited, a fellow subsidiary of the Company subsequent to the completion of the Acquisition, and the MF Loan was fully repaid. The MF debenture was released on the same date.

Save as disclosed above, as at 30 June 2024 and 2023, there was no other charge created over the Group's assets.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL PERFORMANCE



### Results

During the Year under review, the Group's overall annual revenue decreased by 5% to HK\$586,896,000 (2023: HK\$618,514,000). However, revenue rebounded slightly in the second half of the Year under review, increased by 3% to HK\$335,134,000 compared to the same period in the previous year. The Group's gross margin increased considerably by 3 p.p. to 29% (2023: 26%), primarily driven by the relatively stronger sales of gold products, which benefited from improved gross margins due to the sale of aged inventory in a surge of the international gold price. Consequently, the Group's gross profit increased by 6% to HK\$170,242,000 (2023: HK\$161,273,000)

The Group's loss for the year increased by 34% to HK\$208,746,000 (2023: HK\$155,719,000). The net margin widened by 11 p.p. to -36% (2023: -25%), and the loss attributable to equity holders also increased by 51% to HK\$135,316,000 (2023: HK\$89,744,000). These increases were primarily attributed to hedging loss caused by the surge in gold price, which impacted the fair values of the gold loan. Upon the completion of the Acquisition by Luk Fook in January 2024, the Group has disposed the non-core businesses unrelated to jewellery retailing which has an impact for FY2024 of a profit of HK\$2,707,000 (2023: profit of HK\$1,550,000).

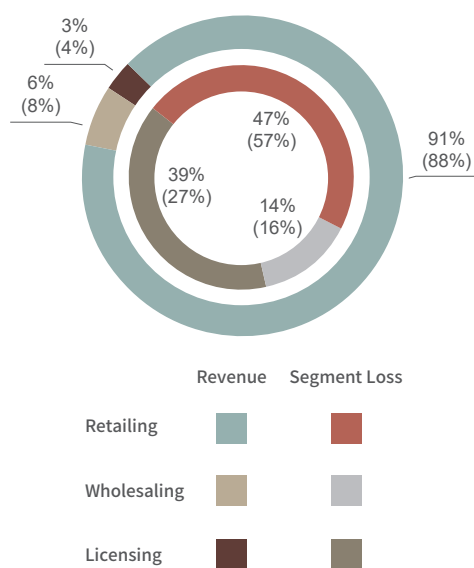
## Overview

As at 30 June 2024, the Group had a distribution network of 219 shops (2023: 230 shops) with business spanning across Hong Kong, Macau and Mainland. Details are as follows:

### Distribution Network

	Countries and Regions	30 June 2024	30 June 2023	Y-o-Y changes
<b>Self-operated Shops</b>	Mainland	72	57	+15
	Hong Kong	5	3	+2
	Macau	1	–	+1
	Sub-total	78	60	+18
<b>Licensed Shops</b>	Mainland	141	170	-29
	Sub-total	141	170	-29
	<b>Total</b>	<b>219</b>	<b>230</b>	<b>-11</b>

### Revenue and Segment Loss by Business



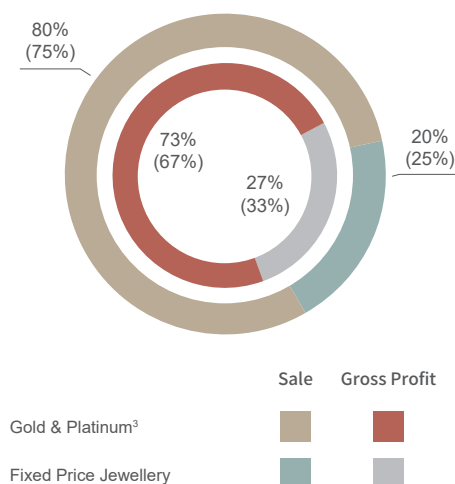
\* Comparative figures for FY2023 are shown in brackets

HK\$M	Revenue	Segment Loss	Segment Loss Margin
Retailing	532	(22)	-4%
<i>Y-o-Y changes</i>	-2%	<i>Loss increased by 3%</i>	–
Wholesaling	33	(7)	-21%
<i>Y-o-Y changes</i>	-24%	<i>Loss increased by 7%</i>	-6 p.p.
Licensing	22	(19)	-86%
<i>Y-o-Y changes</i>	-26%	<i>Loss increased by 82%</i>	-51 p.p.

During the Year under review, retailing business was the main revenue contributor for the Group's revenue. Retailing revenue decreased slightly by 2% to HK\$532,209,000 (2023: HK\$545,494,000), accounting for 91% (2023: 88%) of the Group's total revenue. Its segment loss increased by 3% to HK\$22,175,000 (2023: HK\$21,463,000), accounting for 47% (2023: 57%) of the total and its segment loss margin was 4% (2023: 4%).

The wholesaling and licensing businesses of the Group were entirely from Mainland. As such, the analyses of these two businesses will be discussed in the Mainland section.

### Sales<sup>1</sup> and Gross Profit<sup>2</sup> by Product



\* Comparative figures for FY2023 are shown in brackets

HK\$M		Sales <sup>1</sup>	Gross Profit <sup>2</sup>	Gross Margin
Gold & Platinum <sup>3</sup>		452	112	25%
	<i>Y-o-Y changes</i>	+3%	+22%	+4 p.p.
Fixed Price Jewellery		113	41	36%
	<i>Y-o-Y changes</i>	-24%	-10%	+6 p.p.
Overall		565	153	27%
	<i>Y-o-Y changes</i>	-4%	+11%	+4 p.p.

<sup>1</sup> Sales = Revenue – Licensing Income

<sup>2</sup> Gross Profit = Consolidated Gross Profit – Gross Profit of Licensing Business

<sup>3</sup> Gold & Platinum refers to gold & platinum products sold by weight basing on international market price, i.e. at non-fixed price

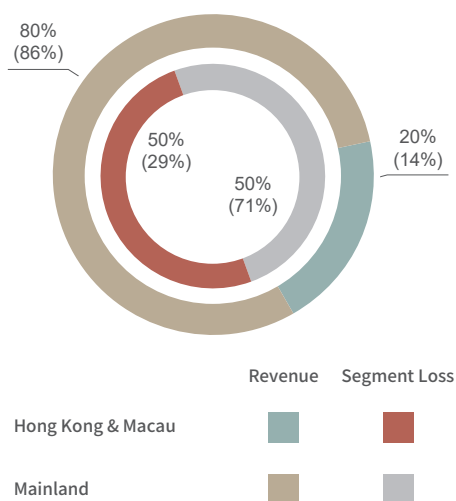


During the Year under review, despite a yearly increase of 14% in the average international gold price in USD per ounce, the demand for gold products remains stable compared to fixed price jewellery products. Consequently, sales of gold and platinum products increased by 3% to HK\$452,330,000 (2023: HK\$440,473,000), accounting for 80% (2023: 75%) of the overall sales amount (Group revenue minus licensing income). Its gross margin increased by 4 p.p. to 25% (2023: 21%), driven by the sale of aged inventories during a surge in international gold prices. Compared with fixed price jewellery products, the gross profit of gold and platinum products therefore increased to a greater extent by 22% to HK\$111,768,000 (2023: HK\$91,817,000), accounting for 73% (2023: 67%) of the overall gross profit (consolidated gross profit of the Group minus gross profit of licensing business).

On the other hand, the sales amount of fixed price jewellery products decreased by 24% to HK\$112,773,000 (2023: HK\$148,442,000), accounting for 20% (2023: 25%) of the overall sales amount (Group revenue minus licensing income) due to the decrease in the demand of diamond products. Gross margin of fixed price jewellery products increased by 6 p.p. to 36% (2023: 30%), while gross profit decreased by 10% to HK\$40,617,000 (2023: HK\$44,956,000), accounting for 27% (2023: 33%) of the overall gross profit (consolidated gross profit of the Group minus gross profit of licensing business).

During the Year under review, the overall SSS<sup>1</sup> of the Group was -15% (2023: -14%), while the SSS for the Hong Kong and Macau market was -12% (2023: +17%), and -11% (2023: -15%) for Mainland. The SSS for gold and platinum products was -12% (2023: -10%) and -26% (2023: -25%) for fixed price jewellery products.

<sup>1</sup> Same store sales (“SSS”) represented a comparison of sales of the same self-operated shop having full day operations in the comparable periods and such data did not include sales of licensed shops.

**Revenue and Segment Loss by Market**


\* Comparative figures for FY2023 are shown in brackets

HK\$M	Revenue	Segment Loss	Segment Loss Margin
Hong Kong & Macau	115	(24)	-21%
<i>Y-o-Y changes</i>	+30%	<i>Loss increased by 117%</i>	<i>-9 p.p.</i>
Mainland	472	(24)	-5%
<i>Y-o-Y changes</i>	-11%	<i>Loss reduced by 12%</i>	-
Overall	587	(48)	-8%
<i>Y-o-Y changes</i>	-5%	<i>Loss increased by 25%</i>	<i>-2 p.p.</i>

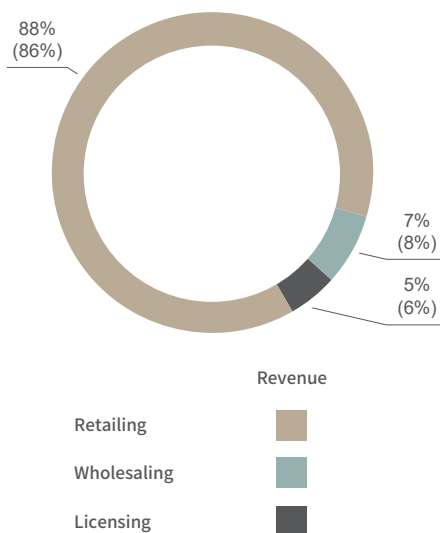
**Hong Kong and Macau**

Following the full resumption of normal travel, Hong Kong and Macau has witnessed a surge in tourists from around the globe, including a significant increase in visitors from Mainland. The reopening of borders between Hong Kong, Macau, and the Mainland has facilitated this influx, boosting tourism numbers in the city. In respect of spending, based on the computation using retail sales statistics data released by the Census and Statistics Department of Hong Kong Government, the provisional estimate of the value of sales of jewellery, watches and clocks, and valuable gifts from July 2023 to June 2024 increased by 9% year-on-year.

With addition of new shops, the Group's revenue in Hong Kong and Macau increased significantly by 30% to HK\$114,602,000 (2023: HK\$88,028,000) for the Year under review. Its segment loss increased by 117% to HK\$23,742,000 (2023: HK\$10,966,000), with a segment loss margin of 21% (2023: 12%). The overall SSS in the Hong Kong and Macau was -12% (2023: +17%). The SSS of their gold and platinum products was -11% (2023: +46%) and -12% (2023: -8%) for fixed price jewellery products.

As at 30 June 2024, the Group operated 6 self-operated shops (2023: 3 self-operated shops) in Hong Kong and Macau.

## Mainland



\* Comparative figures for FY2023 are shown in brackets

HK\$M	Revenue	Segment Profit/(Loss)	Segment Profit/(Loss) Margin
Retailing	417	2	0%
<i>Y-o-Y changes</i>	<i>-9%</i>	<i>Loss reduced by 115%</i>	<i>+3 p.p.</i>
Wholesaling	33	(7)	-21%
<i>Y-o-Y changes</i>	<i>-24%</i>	<i>Loss increased by 7%</i>	<i>-6 p.p.</i>
Licensing	22	(19)	-86%
<i>Y-o-Y changes</i>	<i>-26%</i>	<i>Loss increased by 82%</i>	<i>-51 p.p.</i>

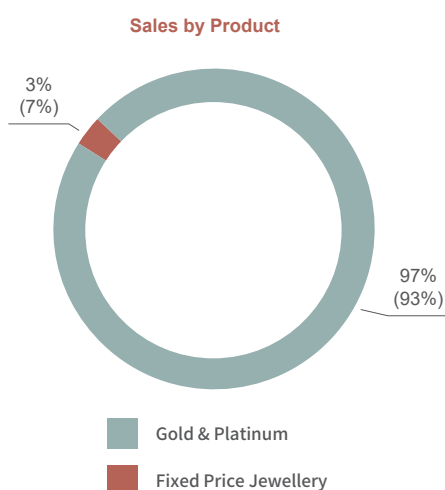
## Mainland

The macroeconomic landscape in Mainland was sluggish. Retailing revenue in the Mainland market experienced a decrease of 9% to HK\$417,607,000 (2023: HK\$457,466,000), accounting for 88% (2023: 86%) of Mainland market's revenue and 71% (2023: 74%) of the Group's total. The overall SSS in Mainland narrowed from -15% last year to -11%. The SSS for its gold and platinum products was -7% (2023: -12%) and -28% (2023: -29%) for its fixed price jewellery products. The retailing business experienced a turnaround from segment loss of HK\$10,497,000 to segment profit of HK\$1,567,000 during the Year under review,

As the number of licensed shops reduced during the Year under review, the revenue of the wholesaling business decreased by 24% to HK\$32,894,000 (2023: HK\$43,421,000), and accounted for 7% (2023: 8%) of Mainland market's revenue and 6% (2023: 7%) of the Group's total. Segment loss rose by 7% to around HK\$7 million (2023: Around HK\$6 million) which resulted in segment loss margin of 21% (2023: segment loss margin 15%).

Licensing income in the Mainland market decreased by 26% to HK\$21,793,000 (2023: HK\$29,599,000), which accounted for 5% (2023: 6%) of Mainland market's revenue and 4% (2023: 5%) of the Group's total. Segment loss increased by 82% to HK\$18,720,000 (2023: HK\$10,310,000) which resulted in segment loss margin of 86% (2023: segment loss margin 35%).

## Mainland E-commerce Business Performance



\* Comparative figures for FY2023 are shown in brackets

<b>Revenue</b>	
HK\$81 million	+47% <i>Y-o-Y Changes</i>
<b>Contribution to Mainland Retailing Revenue<sup>1</sup>:</b>	
19%	+7 p.p.
<b>Contribution to Group's Retailing Revenue<sup>1</sup>:</b>	
15%	+5 p.p.
<b>Average Selling Price<sup>2</sup></b>	
RMB2,485	+49% <i>Y-o-Y Changes</i>

<sup>1</sup> Sales of self-operated shops and e-commerce business

<sup>2</sup> Average selling price included value-added tax

During the Year under review, revenue of e-commerce business from Mainland experienced an increase of 47% to HK\$81,085,000 (2023: HK\$55,106,000), and accounting for 19% (2023: 12%) of the retailing revenue in Mainland and 15% (2023: 10%) of the Group's retailing revenue.

Overall speaking, during the Year under review, total revenue from the Mainland market decreased by 11% to HK\$472,294,000 (2023: HK\$530,486,000), accounting for 80% (2023: 86%) of the Group's total. Its segment loss reduced by 12% to HK\$23,560,000 (2023: HK\$26,806,000). Its segment loss margin was 5% (2023: 5%).

## Discontinued operation

During the year ended 30 June 2024, the Group disposed of Brand New Management Limited and its subsidiaries (the “**Disposal Group**”) which were principally engaged in new media marketing services business in Mainland. On 12 January 2024, the Disposal was completed and the final consideration of the Disposal was HK\$8,896,000, which is the net asset value of the Disposal Group as at 30 June 2023. The Group recorded a profit of approximately HK\$2,707,000 from discontinued operation comparing to a profit of approximately HK\$1,550,000 in the previous year.

## Liquidity and Financial Resources

As at 30 June 2024, the Group’s cash and bank balances amounted to HK\$31,918,000 (2023: HK\$71,229,000). Excluded loans from fellow subsidiaries and gold loans from a fellow subsidiary, net cash was HK\$31,918,000 (2023: Net borrowing of HK\$779,586,000). The debt-to-equity ratio was 5 (2023: 11), being the ratio of total liabilities of HK\$1,687,569,000 (2023: HK\$2,151,032,000) against total shareholders’ equity of HK\$314,505,000 (2023: HK\$191,723,000). As at 30 June 2024, the Group did not utilise any banking facilities (2023: HK\$2.15 billion of which HK\$1.70 billion has been utilized). The Group’s income and expenditure streams are mainly denominated in Renminbi.

---

### Inventory Turnover Days (By Products)

---

Turnover Days	Average Inventory		Closing Inventory	
	FY2024	Y-o-Y changes	FY2024	Y-o-Y changes
Gold & Platinum	355	+90	436	+170
Fixed Price Jewellery	1,496	+398	1,600	+630
Overall	552	+99	637	+212

## Inventory

As at 30 June 2024, the Group’s inventory significantly increased by 37% to HK\$728,097,000 (2023: HK\$532,889,000). The average inventory turnover days were 552 days (2023: 453 days) with the average inventory turnover days of gold and platinum products being 355 days (2023: 265 days) and 1,496 days (2023: 1,098 days) for fixed price jewellery products.

The inventory turnover days calculated basing on closing inventory were 637 days (2023: 425 days) with the closing inventory turnover days of gold and platinum products being 436 days (2023: 266 days) and 1,600 days (2023: 970 days) for fixed price jewellery products.

## Capital Expenditure

During the Year under review, the Group’s capital expenditures amounted to approximately HK\$26,215,000 (2023: HK\$10,309,000), including the leasehold improvements, furniture, fixtures and equipment.

## Capital Commitments

As at 30 June 2024, the Group’s total commitments amounted to HK\$509,000 (2023: Nil).

## **Contingent Liabilities and Guarantee**

As at 30 June 2024, the Company had provided corporate financial guarantee of HK\$550,000,000 (2023: HK\$1,075,000,000) to banks in respect of the aggregate amount of banking facilities granted to its subsidiaries. As at 30 June 2024, the subsidiaries did not utilise any banking facilities (2023: HK\$1,704,500,000).

As at 30 June 2024, no loss allowance was recognised (2023: HK\$19,218,000) under the expected credit loss model in respect of such corporate financial guarantee in the Company's statement of financial position whereas no financial impact on the consolidated financial statements.

As at 30 June 2024 and 2023, save as disclosed above, the Group had no significant contingent liabilities.

## **Human Capital Policy**

As at 30 June 2024, the number of employees of the Group was 978 (2023: 847). The management reviews and examines the remuneration policies on a regular basis to ensure that fair rewards and compensation are provided to our employees. Remuneration packages are determined with reference to comparable market rates while bonuses and other rewards are linked to the performances of the Group and the employees. This policy aims to motivate employees with monetary incentives to work together to enhance the Group's business performance.

## **OUTLOOK**

The rise in central banks' gold reserves, coupled with ongoing geopolitical tensions, has propelled gold prices to new heights. Additionally, challenges such as macroeconomic uncertainties, declining consumer sentiment, and a weakened RMB have affected the Group's sales performance to a certain extent towards the last quarter of the Year under review.

The Group is adjusting its focus to navigate current market challenges. While diamond product demand remains sluggish, the Group will continue to promote its non-diamond fixed price jewellery offerings to boost performance. The Group anticipates that consumers will eventually adapt to the higher gold prices, and the Renminbi will strengthen as interest rates decline, as expected by the market. As a result, sales are likely to be restored to normal levels. The Mainland government's efforts to stimulate domestic demand is a positive sign for the market's gradual recovery. As macroeconomic conditions and consumer sentiment potentially rebound, the retail business is poised to regain its growth momentum, fueled by a resurgence in consumer confidence. Based on these factors, the Group remains confident in its mid- to long-term prospects and will continue to expand its presence in the Mainland market.

The Group is currently working closely with Luk Fook to reassess its corporate strategies, vision, mission, and values, drawing on a strategic planning and operational framework that has driven Luk Fook's commercial success. We have initiated its retail network expansion through opening self-operating shops in Hong Kong, Macau and Mainland. Additionally, we are also revitalizing the licensing and nurturing the e-commerce businesses in Mainland. The Group is bullish on the vast growth opportunities in overseas markets. As such, we are preparing to launch overseas business, starting with Asian countries in the near future. Additionally, Luk Fook's robust financial standing and broad access to funding will enable the Group to secure financing at significantly lower costs going forward.

## **Mainland Market Expansion**

In the upcoming year, the Group will expand the business in Mainland through a combination of self-operated and licensed shops, as well as e-commerce.

Leveraging Luk Fook's robust distribution network and well-established licensing partnerships, the Group is redeploying and committed to revitalise its licensing operations in Mainland. Additionally, the Group is dedicated to enhancing its e-commerce presence and fostering stronger collaborations with various online platforms. Recognizing the significant spending power of young consumers on these platforms, the Group will actively promote affordable luxury jewellery to broaden its reach within this demographic customer segment.

## **Operational Efficiency**

To strengthen its competitive advantage, the Group will enhance operational efficiency through synergy by utilizing Luk Fook's systems and infrastructure, including supply chain management, process automation, big data management, and data analytics. Additionally, the Group is committed to maximizing employee productivity by fostering a culture of continuous improvement and innovation.

## **EVENTS AFTER REPORTING PERIOD**

### **Change of Company Name**

In order to provide the Company with a more relevant and distinctive corporate image and identity and enhance the Company's brand identity in its future business development, the English name of the Company has been changed from "Hong Kong Resources Holdings Company Limited" to "3DG HOLDINGS (INTERNATIONAL) LIMITED" and the secondary name of the Company has been changed from "香港資源控股有限公司" to "金至尊集團(國際)有限公司" with effect from 9 July 2024. The Companies Registry in Hong Kong has issued the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company on 30 July 2024, certifying that the Company has altered its name and is now registered under the name of "3DG HOLDINGS (INTERNATIONAL) LIMITED" also known as "金至尊集團(國際)有限公司" in Hong Kong pursuant to Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

### **FINAL DIVIDEND**

The Board has resolved not to declare any final dividend in respect of the year ended 30 June 2024 to the holders of ordinary shares of the Company.

### **CLOSURE OF REGISTER OF MEMBER**

For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting (the "AGM"), the register of members of the Company will be closed from 15 November 2024 to 20 November 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 14 November 2024.

## **CORPORATE GOVERNANCE**

The Board and management of the Company are committed to maintaining good corporate governance practices and procedures. The corporate governance principles of the Company place emphasis on a quality Board, sound risk management and internal controls as well as transparency and accountability to all shareholders. During the Year under review, the Company has adopted the principles and complied with all code provisions of the Corporate Governance Code (the “**Corporate Governance Code**”) as set out in Appendix C1 (formerly Appendix 14) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), except for the following deviation:

Code Provision C.2.1 of the Corporate Governance Code as contained in Appendix C1 (formerly Appendix 14) to the Listing Rules provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual, so that there is a clear division of responsibilities for the management of the Board and the day-to-day management of the Group’s business to ensure a balance of power and authority.

With the business growth deriving from the Mainland market, it is believed that Mr. WONG Ho Lung, Danny, being the Chairman and Chief Executive Officer of the Company, will further enhance the business development of the Group in the Mainland market due to the norms on “status parity” when future business negotiations are conducted in Mainland. Besides, members of the Board also include qualified professionals and experienced individuals from the community. The Board considers that the existing Board composition, with the assistance of the Board Committees, can ensure a balance of power and authority.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules (the “**Model Code**”) as a code of conduct regarding directors’ securities transactions. Having made specific enquiries of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code and its code of conduct regarding directors’ securities transactions during the Year under review.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Year under review.

## **REVIEW OF FINANCIAL STATEMENTS**

The Audit Committee of the Company has reviewed the consolidated financial statements of the Group for the year ended 30 June 2024.



## **SCOPE OF WORK OF AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2024 as set out in the preliminary results announcement have been agreed by the Group's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Crowe (HK) CPA Limited on the preliminary results announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT 2023/24**

This annual results announcement is published on the websites of the Hong Kong Exchanges and Clearing Limited (the "HKEx") ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([3dg-group.com](http://3dg-group.com)). The Annual Report 2023/24 will be despatched to the shareholders of the Company and will be published on the websites of the HKEx and the Company in due course.

## **APPRECIATION**

On behalf of the Board, I would like to extend my heartfelt gratitude to all our staff members, shareholders, customers, business partners and other stakeholders for their strong support and contributions to the Group's success. Moving forward, the Group will continue to implement pragmatic and sound growth measures, strengthen its competitive advantages and further consolidate its leading position in the market with a view to generating sustainable returns for our shareholders and establishing a new benchmark for corporate excellence.

By Order of the Board  
**3DG Holdings (International) Limited**  
**WONG Ho Lung, Danny**  
*Chairman & Chief Executive Officer*

Hong Kong, 27 September 2024

*As at the date of this announcement, the Board comprises Mr. WONG Ho Lung, Danny (Chairman and Chief Executive Officer), Ms. CHEUNG Irene (Chief Operating Officer), Ms. WONG Hau Yeung and Dr. CHAN So Kuen as Executive Directors; Ms. YEUNG Po Ling, Pauline as Non-executive Director; and Mr. SZE Yeung Kuen, Mr. CHAN Raymond, Dr. LAM Ki Wai, Lianne and Dr. CHOW Kwoon Ho, Simon as Independent Non-executive Directors.*