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六福集團(國際)有限公司

LUK FOOK HOLDINGS (INTERNATIONAL) LIMITED

(於百慕達註冊成立之有限公司)

(Incorporated in Bermuda with Limited Liability)

Stock Code 股份代號 : 0590

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

HIGHLIGHTS

- Revenue reached HK\$15.3 billion, a 28.0% increase compared to the same period last year, mainly benefitted from the low base effect as well as the full reopening of borders amongst Hong Kong SAR, China¹, Macau SAR, China² and Mainland China³, with the recovery of the retailing business in Hong Kong and Macau as the growth engine of the Group
- The Group's retailing revenue surged by 45.3% to HK\$12.75 billion, accounting for 83.2% of the Group's total revenue, primarily driven by the sales of gold products
- Operating expenses to revenue ratio improved by 0.6 p.p. to 15.0%. Together with a one-off remeasurement gain from the acquisition of Hong Kong Resources Holdings Company Limited⁴ of around HK\$187 million, operating profit increased by 34.2% to HK\$2.12 billion
- Profit attributable to equity holders increased by 37.6% to HK\$1.77 billion, the second highest annual performance in the Group's history
- Proposed final dividend of HK\$0.64 per share, with annual dividend of HK\$1.41 per share and dividend payout ratio of 47%

1 Hong Kong SAR, China: Hereafter refers to as "Hong Kong"

2 Macau SAR, China: Hereafter refers to as "Macau"

3 Mainland China: Hereafter refers to as "Mainland"

4 Hong Kong Resources Holdings Company Limited (Stock Code: 2882): Hereafter refers to as "HKRH", which conducts jewellery retail and franchise businesses under the brand name of "3DG Jewellery" in Hong Kong, Macau and Mainland. After the Group completed the sale and purchase agreement to acquire 50.4% shares in HKRH on 12 January 2024, HKRH became a subsidiary of the Group, and its financial results since the date of completion of the acquisition have been consolidated into the Group's accounts.

FINANCIAL PERFORMANCE			
	2024	2023	Y-o-Y
	HK\$'000	HK\$'000	<i>Changes</i>
Revenue	15,325,962	11,977,844	+28.0%
Gross Profit	4,174,339	3,230,397	+29.2%
Operating Profit	2,115,623	1,576,175	+34.2%
Profit for the year	1,757,838	1,284,727	+36.8%
Profit Attributable to Equity Holders	1,767,305	1,284,757	+37.6%
Basic Earnings per Share	HK\$3.01	HK\$2.19	+37.4%
Final Dividend per Share	HK\$0.64	HK\$0.55	+16.4%
Annual Dividend per Share	HK\$1.41	HK\$1.10	+28.2%
Gross Margin	27.2%	27.0%	+0.2 p.p.
Operating Margin	13.8%	13.2%	+0.6 p.p.
Net Margin	11.5%	10.7%	+0.8 p.p.
Total Operating Expenses to Revenue Ratio	15.0%	15.6%	-0.6 p.p.
Effective Tax Rate	15.7%	17.9%	-2.2 p.p.
EBITDA*	2,601,297	1,959,142	+32.8%
Adjusted EBITDA**	2,254,111	1,670,518	+34.9%

* 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 Luk Fook Holdings (International) Limited (the “Company”) hereby presents the consolidated annual results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2024 (“FY2024” or the “Year under review”) together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Revenue	3	15,325,962	11,977,844
Cost of sales	4	<u>(11,151,623)</u>	<u>(8,747,447)</u>
Gross profit		4,174,339	3,230,397
Other income	5	197,181	228,859
Other gains/(losses), net	6	92,206	(17,398)
Selling and distribution costs		(2,043,459)	(1,653,445)
Administrative expenses		(254,107)	(214,070)
Net (provision for)/reversal of impairment losses on financial assets and financial guarantee		<u>(50,537)</u>	<u>1,832</u>
Operating profit	4	<u>2,115,623</u>	<u>1,576,175</u>
Finance income		28,977	33,125
Finance costs		<u>(59,596)</u>	<u>(20,763)</u>
Finance (costs)/income, net		<u>(30,619)</u>	<u>12,362</u>
Share of results of an associate	10	<u>–</u>	<u>(23,146)</u>
Profit before income tax		2,085,004	1,565,391
Income tax expenses	7	<u>(327,166)</u>	<u>(280,664)</u>
Profit for the year		<u>1,757,838</u>	<u>1,284,727</u>
Profit attributable to:			
Equity holders of the Company		1,767,305	1,284,757
Non-controlling interests		<u>(9,467)</u>	<u>(30)</u>
		<u>1,757,838</u>	<u>1,284,727</u>
Earnings per share for profit attributable to equity holders of the Company during the year			
Basic and diluted	8	<u>HK\$3.01</u>	<u>HK\$2.19</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	2024	2023
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	1,757,838	1,284,727
Other comprehensive (loss)/income:		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	(383,138)	(502,167)
<i>Items that will not be reclassified to profit or loss</i>		
Revaluation of financial assets at fair value through other comprehensive income	655	423
Remeasurements of employee benefit obligations	3,487	5,249
Other comprehensive loss for the year, net of tax	(378,996)	(496,495)
Total comprehensive income for the year	1,378,842	788,232
Attributable to:		
– Equity holders of the Company	1,389,358	788,262
– Non-controlling interests	(10,516)	(30)
Total comprehensive income for the year	1,378,842	788,232

CONSOLIDATED BALANCE SHEET

As at 31 March 2024

	As at 31 March	
	2024	2023
Note	HK\$'000	HK\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,176,194	918,560
Investment properties	925,726	1,127,727
Right-of-use assets	1,346,143	670,058
Goodwill	277,674	–
Intangible assets	537,241	–
Interests in an associate	10	–
Financial assets at fair value through other comprehensive income	–	788
Trading licence	1,080	1,080
Deposits, prepayments and other receivables	103,050	90,724
Deferred income tax assets	154,648	146,666
	<u>4,521,756</u>	<u>2,955,603</u>
Current assets		
Inventories	9,567,062	8,852,611
Right of return assets	105,194	98,878
Trade receivables	11	213,823
Deposits, prepayments and other receivables	366,595	440,212
Amount due from an associate	10	4
Income tax recoverable	29,465	19,724
Cash and bank balances	1,998,219	2,347,651
	<u>12,332,308</u>	<u>11,972,903</u>
Total assets	<u>16,854,064</u>	<u>14,928,506</u>

		As at 31 March	
		2024	2023
	<i>Note</i>	HK\$'000	HK\$'000
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		58,710	58,710
Share premium		2,494,040	2,494,040
Reserves		10,338,110	9,668,690
		<u>12,890,860</u>	<u>12,221,440</u>
Non-controlling interests		(26,962)	(498)
		<u>12,863,898</u>	<u>12,220,942</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		119,789	59,656
Lease liabilities		319,420	147,605
Employee benefit obligations		34,148	33,872
		<u>473,357</u>	<u>241,133</u>
Current liabilities			
Trade payables, other payables and accruals	12	1,226,814	1,235,102
Financial guarantee contracts		–	36,831
Contract liabilities		188,264	162,962
Derivative financial instrument		8	–
Lease liabilities		287,697	172,462
Sales refund liabilities		214,374	193,516
Bank borrowings		362,000	115,020
Gold loans		1,065,805	425,114
Current income tax liabilities		171,847	125,424
		<u>3,516,809</u>	<u>2,466,431</u>
Total liabilities		<u>3,990,166</u>	<u>2,707,564</u>
Total equity and liabilities		<u>16,854,064</u>	<u>14,928,506</u>

NOTES:

1 GENERAL INFORMATION

Luk Fook Holdings (International) Limited (the “Company”) was incorporated in Bermuda on 3 September 1996 as a company with limited liability under the Companies Act of Bermuda. The address of its registered office is Victoria Place, 5th Floor 31 Victoria Street, Hamilton HM10, Bermuda.

The Company and its subsidiaries (together, the “Group”) are principally engaged in the sourcing, designing, wholesaling, trademark licensing and retailing of a variety of gold and platinum jewellery, and gem-set jewellery.

The Company’s shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 6 May 1997.

2 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and the disclosure requirements of Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention except for certain financial assets at fair value through profit or loss (including derivative financial instruments), financial assets at fair value through other comprehensive income, and gold loans which are measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(a) New and amended standards adopted by the Group

The Group has applied the following new and amended standards that are effective for the first time for the financial year beginning 1 April 2023:

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

The adoption of new and amended standards did not have any significant impact on the preparation of the consolidated financial statements of the Group.

(b) Amended standards and interpretation not yet adopted by the Group

Certain amendments to existing standards and interpretation have been issued but are not yet effective for the financial year beginning 1 April 2023 and have not been early adopted:

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

(1) Effective for annual period beginning on or after 1 January 2024

(2) Effective for annual period beginning on or after 1 January 2025

(3) To be announced by HKICPA

The directors of the Group will adopt the above amendments to existing standards and interpretation when they become effective. The directors of the Group are in the process of assessing the financial impact of the adoption of the above amendments to existing standards and interpretation, none of which is expected to have a significant effect on the consolidated financial statements of the Group in the current or future reporting periods and on foreseeable future transactions.

3 SEGMENT INFORMATION

The executive directors and senior management collectively are identified as the chief operating decision-maker (“CODM”). The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. The operating segments are reported in accordance with the internal reporting reviewed by the CODM.

CODM considers the business by nature of business activities and assesses the performance of the following operating segments:

- i. Retailing – Hong Kong, Macau and overseas
- ii. Retailing – Mainland
- iii. Wholesaling – Hong Kong
- iv. Wholesaling – Mainland
- v. Licensing

CODM assesses the performance of the operating segments based on segment results. Finance income and costs, share of results of an associate and corporate income and expenses are not included in the results for each operating segment that is reviewed by the CODM. Other information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

Assets of reportable segments exclude interests in an associate, certain leasehold land and buildings, investment properties, deferred income tax assets, income tax recoverable and corporate assets, all of which are managed on a central basis. Liabilities of reportable segments exclude deferred income tax liabilities, current income tax liabilities, bank borrowings, gold loans, financial guarantee contract and corporate liabilities, all of which are managed on a central basis. These form part of the reconciliation to total assets and liabilities on the consolidated balance sheet.

Sales to external customers are stated after elimination of inter-segment sales. Sales between segments are carried out at mutually agreed terms. The revenue from external parties and assets and liabilities reported to the CODM is measured in a manner consistent with that in the consolidated income statement and balance sheet.

	Year ended 31 March 2024						Reportable segments total
	Retailing – Hong Kong, Macau and overseas HK\$'000	Retailing – Mainland HK\$'000	Wholesaling – Hong Kong HK\$'000	Wholesaling – Mainland HK\$'000	Licensing HK\$'000	Inter-segment elimination HK\$'000	HK\$'000
Revenue – at a point of time							
Sales to external customers	9,885,611	2,863,294	108,527	1,433,852	–	–	14,291,284
Sales of scrap	–	–	212	–	–	–	212
	<u>9,885,611</u>	<u>2,863,294</u>	<u>108,739</u>	<u>1,433,852</u>	<u>–</u>	<u>–</u>	<u>14,291,496</u>
Inter-segment sales	103,197	651	2,543,267	163,264	–	(2,810,379)	–
Sales of merchandises	9,988,808	2,863,945	2,652,006	1,597,116	–	(2,810,379)	14,291,496
Revenue – over time							
Royalty and service income	–	–	–	–	939,065	–	939,065
Consultancy fee income	–	–	–	–	95,401	–	95,401
Total	<u>9,988,808</u>	<u>2,863,945</u>	<u>2,652,006</u>	<u>1,597,116</u>	<u>1,034,466</u>	<u>(2,810,379)</u>	<u>15,325,962</u>
Results of reportable segments	<u>1,052,531</u>	<u>194,322</u>	<u>80,752</u>	<u>105,332</u>	<u>719,705</u>	<u>–</u>	<u>2,152,642</u>

A reconciliation of results of reportable segments to profit for the year is as follows:

Results of reportable segments	2,152,642
Unallocated income	349,402
Unallocated expenses	(386,421)
Operating profit	2,115,623
Finance income	28,977
Finance costs	(59,596)
Profit before income tax	2,085,004
Income tax expenses	(327,166)
Profit for the year	1,757,838
Add: Loss attributable to non-controlling interests	9,467
Profit attributable to equity holders of the Company	<u>1,767,305</u>

As at 31 March 2024

	Retailing – Hong Kong, Macau and overseas HK\$'000	Retailing – Mainland HK\$'000	Wholesaling – Hong Kong HK\$'000	Wholesaling – Mainland HK\$'000	Licensing HK\$'000	Unallocated HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment	(29,862)	(13,531)	(792)	(14,214)	(10,054)	(40,915)	(109,368)
Depreciation of right-of-use assets	(301,392)	(23,741)	–	(328)	(3,938)	(17,787)	(347,186)
Depreciation of investment properties	–	–	–	–	–	(29,121)	(29,121)
Amortization of intangible assets	–	–	–	–	–	(6,870)	(6,870)
Net provision for impairment losses on financial assets and financial guarantee	–	279	–	–	–	(50,816)	(50,537)
Addition of goodwill	–	–	–	–	277,674	–	277,674
Addition of intangible assets	60,198	206,985	–	26,286	250,642	–	544,111
Additions of other non-current assets (excluding right-of-use assets and by acquisition of subsidiaries)	52,173	22,885	350	18,278	13,595	189,928	297,209
Addition of other non-current assets by acquisition of subsidiaries (excluding right-of-use assets)	1,811	10,754	–	19	235	3,483	16,302
Additions of right-of-use assets (excluding by acquisition of subsidiaries)	574,023	19,756	–	–	–	383,014	976,793
Addition of right-of-use assets by acquisition of subsidiaries	8,674	683	–	–	–	11,843	21,200

As at 31 March 2024

	Retailing – Hong Kong, Macau and overseas HK\$'000	Retailing – Mainland HK\$'000	Wholesaling – Hong Kong HK\$'000	Wholesaling – Mainland HK\$'000	Licensing HK\$'000	Unallocated HK\$'000	Total HK\$'000
Segment assets	6,938,580	2,512,415	705,380	2,546,408	1,233,123		13,935,906
Leasehold land and buildings						1,490,047	1,490,047
Investment properties						925,726	925,726
Deferred income tax assets						154,648	154,648
Income tax recoverable						29,465	29,465
Other unallocated assets						318,272	318,272
Total assets							16,854,064
Segment liabilities	(864,044)	(144,820)	(29,002)	(209,413)	(788,664)		(2,035,943)
Deferred income tax liabilities						(119,789)	(119,789)
Current income tax liabilities						(171,847)	(171,847)
Bank borrowings						(362,000)	(362,000)
Gold loans						(1,065,805)	(1,065,805)
Other unallocated liabilities						(234,782)	(234,782)
Total liabilities							(3,990,166)

Year ended 31 March 2023

	Retailing – Hong Kong, Macau and overseas <i>HK\$'000</i>	Retailing – Mainland <i>HK\$'000</i>	Wholesaling – Hong Kong <i>HK\$'000</i>	Wholesaling – Mainland <i>HK\$'000</i>	Licensing <i>HK\$'000</i>	Inter-segment elimination <i>HK\$'000</i>	Reportable segments total <i>HK\$'000</i>
Revenue – at a point of time							
Sales to external customers	6,464,974	2,306,955	104,580	2,047,466	–	–	10,923,975
Sales of scrap	–	–	407	–	–	–	407
	6,464,974	2,306,955	104,987	2,047,466	–	–	10,924,382
Inter-segment sales	53,772	1,870	1,871,171	56,850	–	(1,983,663)	–
Sales of merchandises	6,518,746	2,308,825	1,976,158	2,104,316	–	(1,983,663)	10,924,382
Revenue – over time							
Royalty and service income	–	–	–	–	960,695	–	960,695
Consultancy fee income	–	–	–	–	92,767	–	92,767
Total	6,518,746	2,308,825	1,976,158	2,104,316	1,053,462	(1,983,663)	11,977,844
Results of reportable segments	549,384	132,598	10,399	254,728	776,527	–	1,723,636
A reconciliation of results of reportable segments to profit for the year is as follows:							
Results of reportable segments							1,723,636
Unallocated income							138,266
Unallocated expenses							(285,727)
Operating profit							1,576,175
Finance income							33,125
Finance costs							(20,763)
Share of results of an associate							(23,146)
Profit before income tax							1,565,391
Income tax expenses							(280,664)
Profit for the year							1,284,727
Add: Loss attributable to non-controlling interests							30
Profit attributable to equity holders of the Company							1,284,757

	Year ended 31 March 2023						
	Retailing – Hong Kong, Macau and overseas	Retailing – Mainland	Wholesaling – Hong Kong	Wholesaling – Mainland	Licensing	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	(14,515)	(11,642)	(892)	(12,323)	(9,554)	(34,174)	(83,100)
Depreciation of right-of-use assets	(256,844)	(21,945)	–	(345)	(4,131)	(5,359)	(288,624)
Depreciation of investment properties	–	–	–	–	–	(34,389)	(34,389)
Provision for impairment on property, plant and equipment	(1,467)	–	–	–	–	–	(1,467)
Provision for impairment on right-of-use assets	(1,407)	–	–	–	–	–	(1,407)
Net reversal of impairment loss on financial assets	–	1,832	–	–	–	–	1,832
Additions of non-current assets (excluding right-of-use-assets)	39,826	23,478	796	20,846	14,991	102,439	202,376
Additions of right-of-use assets	224,840	39,897	–	–	–	264,266	529,003

	As at 31 March 2023						
	Retailing – Hong Kong, Macau and overseas	Retailing – Mainland	Wholesaling – Hong Kong	Wholesaling – Mainland	Licensing	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	5,751,856	1,755,619	902,250	2,778,445	953,514		12,141,684
Leasehold land and buildings						925,396	925,396
Investment properties						1,127,727	1,127,727
Deferred income tax assets						146,666	146,666
Income tax recoverable						19,724	19,724
Other unallocated assets						567,309	567,309
Total assets							14,928,506
Segment liabilities	(534,371)	(56,087)	(90,447)	(216,527)	(834,070)		(1,731,502)
Deferred income tax liabilities						(59,656)	(59,656)
Current income tax liabilities						(125,424)	(125,424)
Bank borrowings						(115,020)	(115,020)
Gold loans						(425,114)	(425,114)
Financial guarantee contract						(36,831)	(36,831)
Other unallocated liabilities						(214,017)	(214,017)
Total liabilities							(2,707,564)

An analysis of the Group's revenue by location in which the transaction took place is as follows:

	2024 HK\$'000	2023 HK\$'000
Revenue		
Hong Kong	6,510,151	4,360,265
Mainland	5,286,146	5,391,825
Macau and overseas	3,529,665	2,225,754
	15,325,962	11,977,844

An analysis of the Group's non-current assets (other than deferred income tax assets, financial assets at fair value through other comprehensive income, certain deposits, prepayments (except for prepayments for purchase of properties and equipment) and other receivables and interests in an associate) by location of assets is as follows:

	2024				2023			
	Hong Kong HK\$'000	Mainland HK\$'000	Macau and overseas HK\$'000	Total HK\$'000	Hong Kong HK\$'000	Mainland HK\$'000	Macau and overseas HK\$'000	Total HK\$'000
Property, plant and equipment	527,272	556,803	92,119	1,176,194	475,696	354,482	88,382	918,560
Right-of-use assets	346,711	789,286	210,146	1,346,143	141,418	395,508	133,132	670,058
Investment properties	216,456	709,270	–	925,726	281,352	846,375	–	1,127,727
Goodwill	–	277,674	–	277,674	–	–	–	–
Intangible assets	59,438	477,803	–	537,241	–	–	–	–
Prepayments for purchase of properties and equipment	–	–	–	–	–	3,681	–	3,681
Trading licence	1,080	–	–	1,080	1,080	–	–	1,080
	1,150,957	2,810,836	302,265	4,264,058	899,546	1,600,046	221,514	2,721,106

The Company is domiciled in the Bermuda while the Group operates its business primarily in Hong Kong, Mainland, Macau and overseas. For the year ended 31 March 2024, no revenue was generated from the Bermuda and no assets were located in the Bermuda (2023: Nil).

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting) the following:

	2024 HK\$'000	2023 HK\$'000
Cost of sales (<i>Note</i>)		
– cost of inventories sold	10,868,146	8,503,872
– cost of licensing business	283,477	243,575
	11,151,623	8,747,447
Staff costs (including the directors' emoluments)	967,143	796,496
Expenses relating to short-term leases and variable lease payments	188,870	135,456
Rent concessions related to COVID-19	–	(10,576)
Commission expenses to payment service providers	96,171	69,769
Depreciation of property, plant and equipment	109,368	83,100
Depreciation of investment properties	29,121	34,389
Depreciation of right-of-use assets	347,186	288,624
Amortisation of intangible assets	6,870	–
Provision for impairment losses on property, plant and equipment	–	1,467
Provision for impairment losses on right-of-use assets	–	1,407
Advertising and promotion expenses	106,886	91,586
Other taxes	111,264	105,601
Loss on disposal of property, plant and equipment	3,600	11,033
Gain on lease modification	(275)	(1,678)
Legal and professional fees	20,882	11,618
Auditor's remuneration		
– Audit services	7,218	6,052
– Non-audit services	2,980	1,848

Note:

Staff costs of HK\$330,474,000 (2023: HK\$336,660,000) are included in cost of sales.

5 OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Government subsidies		
– Value-added tax (“VAT”) refund (<i>Note (i)</i>)	13,467	37,786
– Other government subsidies (<i>Note (ii)</i>)	61,963	77,328
– Employment Support Scheme (<i>Note (iii)</i>)	–	24,000
Rental income	70,886	64,244
Others	50,865	25,501
	<u>197,181</u>	<u>228,859</u>

Notes:

- (i) This represents refund from the tax authority in Mainland. The amount of refund is based on the VAT payment made in excess of 4% of the original input VAT. The Group is entitled to the refund as it is a member of the Shanghai Diamond Exchange and the diamonds are imported through the Shanghai Diamond Exchange.
- (ii) This mainly represents subsidies from a municipal government in Mainland.
- (iii) The amount represents salaries and wage subsidies granted under Anti-Epidemic Fund by the Government of the Hong Kong Special Administrative Region for the use of paying wages of employees from May to July 2022.

6 OTHER GAINS/(LOSSES), NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Net realised losses on derivative financial instruments (<i>Note</i>)	(27,326)	(8,191)
Net realised (losses)/gains on gold loans	(20,188)	38,427
Net unrealised losses on gold loans	(73,541)	(24,236)
Net realised losses on gold loan receivables	–	(32,569)
Net realised gains on exchange forward contracts	2,075	5,408
Net unrealised losses on exchange forward contracts	(8)	–
Remeasurement gain on previously held interests in a prior associate, net	186,711	–
Fair value gain on settlement of a shareholder loan due from a prior associate	26,756	–
Net exchange (losses)/gains	(2,273)	3,763
	<u>92,206</u>	<u>(17,398)</u>

Note:

Derivative financial instruments mainly represent gold contracts and platinum future contracts. These derivative financial instruments are not qualified for hedge accounting within the context of HKFRS 9.

7 INCOME TAX EXPENSES

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current taxation:		
– Hong Kong profits tax	63,857	8,313
– Mainland and overseas taxation	228,345	217,969
– Withholding tax on dividend declared in Mainland	46,848	36,583
– (Over)/under-provision in prior years	(10,699)	21,478
Deferred income tax	(1,185)	(3,679)
	<u>327,166</u>	<u>280,664</u>

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company of HK\$1,767,305,000 (2023: HK\$1,284,757,000) and the weighted average number of 587,107,850 (2023: 587,107,850) ordinary shares in issue during the year.

Diluted earnings per share for the years ended 31 March 2024 and 2023 are the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years.

9 DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
2023/24 interim dividend, paid, of HK\$0.72 (2022/23 interim dividend: HK\$0.55) per ordinary share	<u>422,718</u>	<u>322,909</u>
2023/24 special interim dividend, by way of distribution in specie of HKRH shares (<i>Note (i)</i>)	<u>28,404</u>	<u>–</u>
2023/24 final dividend, proposed, of HK\$0.64 (2022/23 final dividend: HK\$0.55) per ordinary share (<i>Note (ii)</i>)	<u>375,749</u>	<u>322,909</u>

Note:

- (i) On 28 March 2024, the directors resolved to declare a special interim dividend in form of distribution in specie of 24,071,422 issued shares of HKRH. Based on the closing price of HK\$1.18 per issued shares of HKRH as traded on the Stock Exchange on 28 March 2024, the aggregate market value of the distribution shares was HK\$28,404,000. The dividend distribution in specie was equivalent to HK\$0.05 per ordinary share.
- (ii) At a meeting held on 28 June 2024, the directors recommended the payment of a final dividend of HK\$0.64 per ordinary share. Such dividend is to be approved by the shareholders at the Annual General Meeting of the Company on 15 August 2024. The aggregate amount of the proposed dividend is expected to be paid out of retained earnings as at 31 March 2024, but not recognised as a liability at year end.

10 INTERESTS IN AN ASSOCIATE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
As at 1 April (<i>Note (i)</i>)	–	23,146
Share of pre-acquisition results of an associate for the year (<i>Note (ii) and (iii)</i>)	–	(23,146)
Remeasurement upon step acquisition (<i>Note (iv)</i>)	204,478	–
Transfer to subsidiaries upon step acquisition (<i>Note (iv)</i>)	(204,478)	–
As at 31 March	<u>–</u>	<u>–</u>
Amount due from an associate (<i>Note (v)</i>)	<u>–</u>	<u>4</u>

Notes:

- (i) The balance includes a shareholder loan of HK\$100,000,000 granted to China Gold Silver Group Company Limited (“CGS”), in connection with the acquisition of CGS, an associate, on 6 June 2014, of which the Group and HKRH each agreed to provide HK\$100,000,000 funding to CGS for general working capital and business expansion purpose. Such loan was unsecured, interest-free, denominated in HK\$ and not to be repaid within one year after the end of the reporting period.

Having considered the financial position and future business development of CGS, it is not expected that this shareholder loan will be demanded for in the near future and therefore the balance is reclassified as part of interest in the associate during the year ended 31 March 2020.

- (ii) The financial year of the associate is not conterminous with that of the Group and the financial statements used for equity accounting are for the 12 months period ended 31 December 2023 and 2022. This associate uses 30 June as its financial year-end, which is conformed with its holding company’s reporting date.
- (iii) For the year ended 31 March 2024, share of pre-acquisition loss and other comprehensive loss of an associate of HK\$112,327,000 (2023: HK\$40,021,000) and HK\$20,684,000 (2023: HK\$15,266,000) respectively was not recognised by the Group as such loss exceeds its interests in an associate.
- (iv) During the year ended 31 March 2024, the Group acquired 79.4% of the issued shares of HKRH, which represented 39.7% of effective capital of CGS and thus the Group is able to exercise control over CGS. As a result, CGS ceased to be an associate and CGS and its subsidiaries became non-wholly owned subsidiary of the Group since the completion of the acquisition of HKRH.
- (v) As at 31 March 2023, amount due from an associate was trade in nature, denominated in HK\$, unsecured and interest-free. Such balance was aged within 30 days.
- (vi) As at 31 March 2023, the Group provided corporate financial guarantee amounting to HK\$1,075,000,000 to banks in respect of 50% of the aggregated amount of bank facilities granted to a prior associate. As at 31 March 2023, the bank facilities utilised by the associate is approximately HK\$1,644,000,000.

For the year ended 31 March 2024, the Group recognised a loss allowance of HK\$50,816,000 (2023: Nil) in the consolidated income statement in accordance with expected credit loss model under HKFRS 9.

- (vii) The Group’s associate did not have any significant capital commitments as at 31 March 2023.

11 TRADE RECEIVABLES

The ageing of trade receivables, based on invoice date, is as follows:

	2024 HK\$'000	2023 <i>HK\$'000</i>
0-30 days	221,341	188,883
31-60 days	24,799	12,176
61-90 days	14,339	9,727
91-120 days	4,412	2,635
Over 120 days	934	601
	<hr/>	<hr/>
	265,825	214,022
<i>Less: Allowance for impairment of trade receivables</i>	<i>(52)</i>	<i>(199)</i>
	<hr/>	<hr/>
	265,773	213,823
	<hr/> <hr/>	<hr/> <hr/>

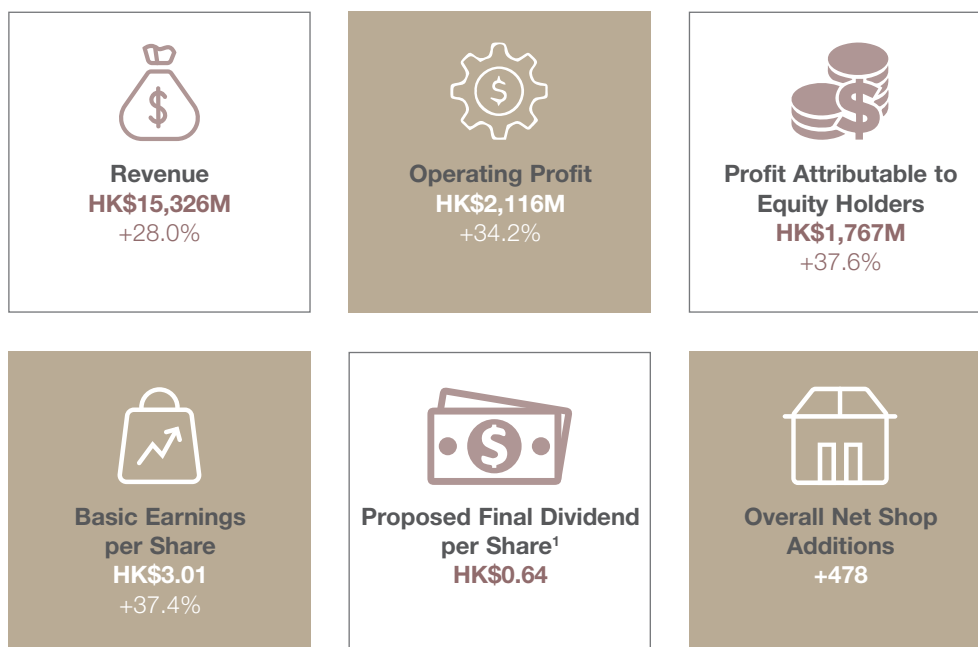
12 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$177,651,000 (2023: HK\$280,250,000) and the ageing, based on invoice date, is as follows:

	2024 HK\$'000	2023 <i>HK\$'000</i>
0 – 30 days	170,476	237,281
31 – 60 days	5,634	40,471
61 – 90 days	844	1,183
91 – 120 days	109	1,063
Over 120 days	588	252
	<hr/>	<hr/>
	177,651	280,250
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE



¹ Dividend Payout Ratio: 47%

Results

Following the borders reopening amongst Hong Kong, Macau and the Mainland early last year, the retail sentiment has shown continuous improvement. Furthermore, leveraging the low base effect and the outperforming gold sales, the Group's retailing business achieved satisfactory results especially in the Hong Kong and Macau market. Therefore, during the Year under review, the Group's total revenue increased by 28.0% to HK\$15,325,962,000 (2023: HK\$11,977,844,000). However, as the growth was mainly driven by the gold product sales with lower gross margin as compared to fixed price jewellery products, coupled with a decline in the gross margin of the licensing business, the overall gross margin of the Group therefore increased slightly by 0.2 p.p. to 27.2% (2023: 27.0%). Consequently, the Group's gross profit increased by 29.2% to HK\$4,174,339,000 (2023: HK\$3,230,397,000).

On the other hand, the operating expenses to revenue ratio improved by 0.6 p.p. to 15.0% (2023: 15.6%). Together with a one-off remeasurement gain of around HK\$186,711,000 from the acquisition of HKRH, the operating profit increased by 34.2% to HK\$2,115,623,000 (2023: HK\$1,576,175,000) and the operating profit margin increased marginally by 0.6 p.p. to 13.8% (2023: 13.2%). Furthermore, the Group's profit for the Year rose significantly by 36.8% to HK\$1,757,838,000 (2023: HK\$1,284,727,000). The net margin increased by 0.8 p.p. to 11.5% (2023: 10.7%) and the profit attributable to equity holders also increased by 37.6% to HK\$1,767,305,000 (2023: HK\$1,284,757,000), marking the second-highest annual performance in the Group's history. Accordingly, the basic earnings per share increased by 37.4% to HK\$3.01 (2023: HK\$2.19).

Overview

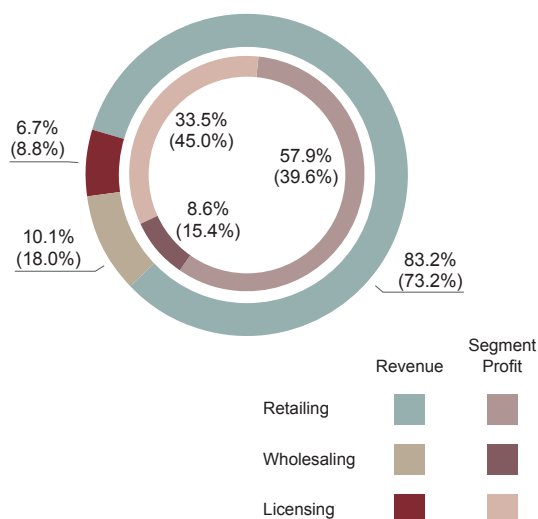
During the Year under review, the Group adopted the multi-brand strategy and operated a total of 1 brand and 5 sub-brands/product lines, including 218 shops under “3DG Jewellery” brand owned by HKRH. During the year, the Group had a net addition of 478 shops globally and a net of 260 shops if excluding the shops of “3DG Jewellery” brand, including a net of 179 “Lukfook” shops and a net of 81 shops of sub-brands/product lines in Mainland.

As at 31 March 2024, the Group had a global network of 3,583 shops (2023: 3,105 shops), including 3,117 “Lukfook” shops (2023: 2,938 shops), with business spanning across Hong Kong, Macau, Mainland, Malaysia, Cambodia, the Philippines, Laos, Thailand, the United States, Canada and Australia, and operated a total of 218 “3DG Jewellery” shops (2023: 0 shop) in Hong Kong, Macau and Mainland; and also operated a total of 56 “Goldstyle” shops (2023: 73 shops), 146 “Heirloom Fortune” shops (2023: 81 shops), 27 “Lukfook Joaillerie” shops (2023: 13 shops) and 18 “Love LUKFOOK JEWELLERY” shops (2023: 0 shop) in Mainland. In addition, the Group operated 1 “Lukfook Joaillerie” shop (2023: 0 shop) in Malaysia. Details are as follows:

Global Distribution Network

	Countries and Regions	Main-brands/Sub-brands/Product Lines	31 Mar 2024	31 Mar 2023	Y-o-Y Changes
Self-operated Shops	Mainland	“Lukfook”	68	69	-1
		“3DG Jewellery”	63	0	+63
		“Goldstyle”	1	1	0
		“Lukfook Joaillerie”	3	1	+2
		“Heirloom Fortune”	15	12	+3
		Sub-total	150	83	+67
	Hong Kong	“Lukfook”	50	45	+5
		“3DG Jewellery”	4	0	+4
		Sub-total	54	45	+9
	Macau	“Lukfook”	17	16	+1
		“3DG Jewellery”	1	0	+1
		Sub-total	18	16	+2
	Canada	“Lukfook”	2	2	0
	The United States		4	3	+1
	Australia		2	2	0
	Malaysia		3	2	+1
			“Lukfook Joaillerie”	1	0
	Sub-total	12	9	+3	
	Total	234	153	+81	
Licensed Shops	Mainland	“Lukfook”	2,962	2,793	+169
		“3DG Jewellery”	150	0	+150
		“Goldstyle”	55	72	-17
		“Lukfook Joaillerie”	24	12	+12
		“Heirloom Fortune”	131	69	+62
		Sub-total	3,322	2,946	+376
	Cambodia	“Lukfook”	3	3	0
	The Philippines		3	2	+1
	Laos		1	1	0
	Thailand		1	0	+1
	Australia		1	0	+1
		Sub-total	9	6	+3
	Total	3,331	2,952	+379	
Specialty Shops	Mainland	“Love LUKFOOK JEWELLERY”	18	0	+18
		Sub-total	18	0	+18
		Total	18	0	+18
Worldwide Total			3,583	3,105	+478

Revenue and Segment Profit by Business



HK\$M	Revenue	Segment Profit	Segment Profit Margin
Retailing	12,749	1,247	9.8%
<i>Y-o-Y Changes</i>	+45.3%	+82.8%	+2.0 p.p.
Wholesaling	1,543	186	12.1%
<i>Y-o-Y Changes</i>	-28.3%	-29.8%	-0.2 p.p.
<i>Adjusted Wholesaling</i>	4,249 ¹	186	4.4%
<i>Y-o-Y Changes</i>	+4.1%	-29.8%	-2.1 p.p.
Licensing	1,034	720	69.6%
<i>Y-o-Y Changes</i>	-1.8%	-7.3%	-4.1 p.p.
Overall	15,326	2,153	14.0%
<i>Y-o-Y Changes</i>	+28.0%	+24.9%	-0.4 p.p.

Remarks: Comparative figures for FY2023 are shown in brackets

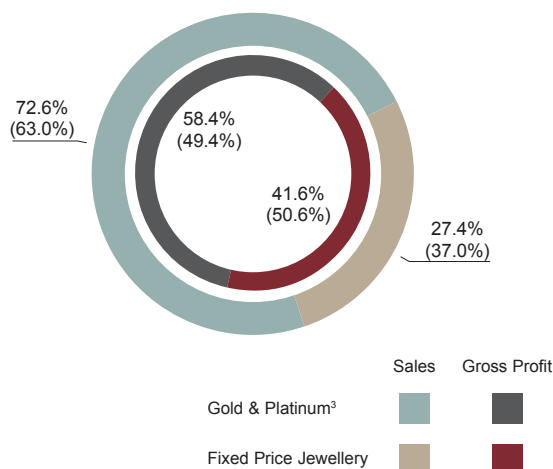
¹ Adjusted Wholesaling Revenue = Revenue of Wholesaling Business to External Parties
+ Inter-Segment Wholesaling Revenue

During the Year under review, retailing business was the main growth driver for the Group's revenue. Benefitting from the significant improvement in tourists traffic and spendings in Hong Kong and Macau after the reopening of borders, coupled with the favourable gold sales and low base effect, the Group's retailing revenue increased significantly by 45.3% to HK\$12,748,906,000 (2023: HK\$8,771,929,000), accounting for 83.2% (2023: 73.2%) of the Group's total revenue. Its segment profit also increased substantially by 82.8% to HK\$1,246,853,000 (2023: HK\$681,982,000), accounting for 57.9% (2023: 39.6%) of the total and its segment profit margin was 9.8% (2023: 7.8%).

Although the number of licensed shops increased, due to the continued sluggish demand for diamond products in the Mainland, the Group's wholesaling revenue decreased by 28.3% to HK\$1,542,590,000 (2023: HK\$2,152,453,000), accounting for 10.1% (2023: 18.0%) of the Group's total revenue. Its segment profit decreased by 29.8% to HK\$186,084,000 (2023: HK\$265,127,000), accounting for 8.6% (2023: 15.4%) of the total, and its segment profit margin was 12.1% (2023: 12.3%). As the segment profit of wholesaling business included profits from inter-segment sales to self-operated shops, if including inter-segment sales in the denominator, its segment profit margin would be 4.4% (2023: 6.5%).

During the Year under review, the licensing income decreased slightly by 1.8% to HK\$1,034,466,000 (2023: HK\$1,053,462,000), accounting for 6.7% of the Group's total revenue (2023: 8.8%). Its segment profit margin was 69.6% (2023: 73.7%), while its segment profit decreased by 7.3% to HK\$719,705,000 (2023: HK\$776,527,000), accounting for 33.5% (2023: 45.0%) of the total.

Sales¹ and Gross Profit² by Product



HK\$M	Sales	Gross Profit	Gross Margin
Gold & Platinum	10,380	2,000	19.3%
<i>Y-o-Y Changes</i>	+50.7%	+67.2%	+1.9 p.p.
Fixed Price Jewellery	3,912	1,423	36.4%
<i>Y-o-Y Changes</i>	-3.1%	+16.3%	+6.1 p.p.
Overall	14,292	3,423	24.0%
<i>Y-o-Y Changes</i>	+30.8%	+41.4%	+1.8 p.p.

Remarks: Comparative figures for FY2023 are shown in brackets

¹ Sales = Revenue – Licensing Income

² Gross Profit = Consolidated Gross Profit – Gross Profit of Licensing Income

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

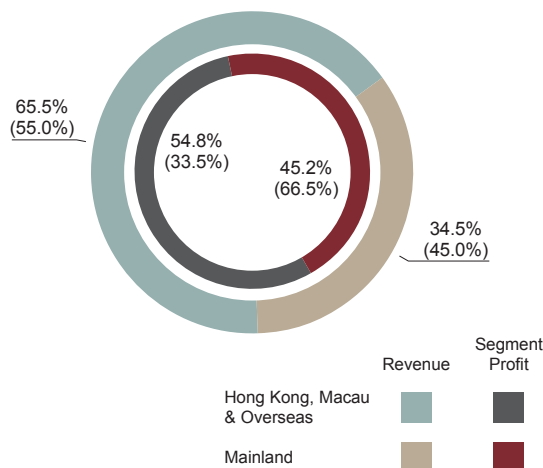
During the Year under review, despite a yearly increase of 10.2% in the average international gold price in USD per ounce, the demand for gold products remains robust. Consequently, sales of gold and platinum products increased by 50.7% to HK\$10,379,634,000 (2023: HK\$6,886,227,000), accounting for 72.6% (2023: 63.0%) of the overall sales amount (Group revenue minus licensing income), and became the key driving force for the Group's retailing business. Its gross margin increased by 1.9 p.p. to 19.3% (2023: 17.4%) as a result of the increase in the gold prices. Gross profit of gold and platinum products therefore increased significantly by 67.2% to HK\$2,000,275,000 (2023: HK\$1,196,586,000), accounting for 58.4% (2023: 49.4%) of the overall gross profit (consolidated gross profit of the Group minus gross profit of licensing income).

On the other hand, the sales amount of fixed price jewellery products decreased by 3.1% to HK\$3,911,861,000 (2023: HK\$4,038,155,000), accounting for 27.4% (2023: 37.0%) of the overall sales amount (Group revenue minus licensing income) due to the decrease in the demand of diamond products. Nevertheless, because of the increased mix of retailing revenue, which has higher gross margin than wholesaling, gross margin of fixed price jewellery products increased by 6.1 p.p. to 36.4% (2023: 30.3%). Its gross profit therefore increased by 16.3% to HK\$1,423,075,000 (2023: HK\$1,223,925,000), accounting for 41.6% (2023: 50.6%) of the overall gross profit (consolidated gross profit of the Group minus gross profit of licensing income).

During the Year under review, the overall SSS¹ of the Group was +31.9% (2023: +24.4%), while the SSS in Hong Kong and Macau was +39.6% (2023: +34.0%), and -2.4% (2023: -16.9%) for Mainland. The SSS for gold and platinum products was +37.6% (2023: +35.0%) and +16.0% (2023: +1.9%) for fixed price jewellery products.

BUSINESS REVIEW

Revenue and Segment Profit by Market

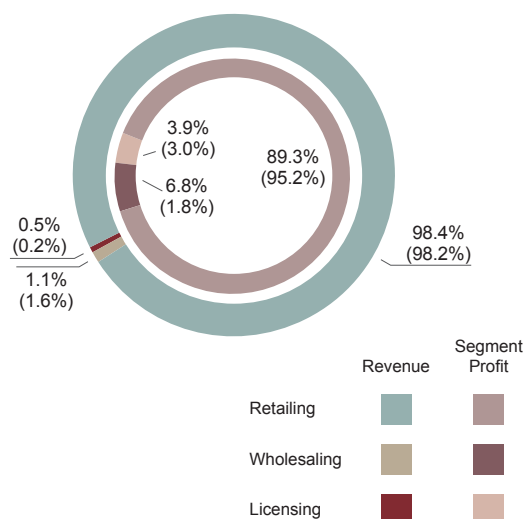


HK\$M	Revenue	Segment Profit	Segment Profit Margin
Hong Kong, Macau & Overseas	10,040	1,180	11.7%
<i>Y-o-Y Changes</i>	+52.4%	+104.5%	+2.9 p.p.
Mainland	5,286	973	18.4%
<i>Y-o-Y Changes</i>	-2.0%	-15.2%	-2.9 p.p.
Overall	15,326	2,153	14.0%
<i>Y-o-Y Changes</i>	+28.0%	+24.9%	-0.4 p.p.

Remarks: Comparative figures for FY2023 are shown in brackets

¹ 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 and Mainland’s e-commerce business.

Hong Kong, Macau and Overseas



HK\$M	Revenue	Segment Profit	Segment Profit Margin
Retailing	9,886	1,053	10.6%
<i>Y-o-Y Changes</i>	+52.9%	+91.6%	+2.1 p.p.
Wholesaling	109	81	74.3%
<i>Y-o-Y Changes</i>	+3.6%	+676.5%	+64.4 p.p.
<i>Adjusted Wholesaling</i>	2,652 ¹	81	3.0%
<i>Y-o-Y Changes</i>	+34.2%	+676.5%	+2.5 p.p.
Licensing	45	46	102.0%
<i>Y-o-Y Changes</i>	+183.1%	+171.4%	-4.5 p.p.
Overall	10,040	1,180	11.7%
<i>Y-o-Y Changes</i>	+52.4%	+104.5%	+2.9 p.p.

Remarks: Comparative figures for FY2023 are shown in brackets

¹ Adjusted Wholesaling Revenue = Revenue of Wholesaling Business to External Parties + Inter-Segment Wholesaling Revenue

Hong Kong, Macau and Overseas

Hong Kong

After the full resumption of normal travel, tourists from all over the world including Mainland, have returned. According to the Statistics on Visitor Arrivals to Hong Kong published by the Hong Kong Tourism Board in January 2024, Mainland visitors in 2023 increased by approximately 70 times year-on-year to approximately 27 million. With the reopening of borders amongst Hong Kong, Macau and the Mainland, the number of Mainland tourists visiting Hong Kong has increased significantly, with visitor arrivals statistics released in April 2024 showing an increase of approximately 1.6 times year-on-year to approximately 8.7 million from January to March 2024. In respect of tourist spending, according to the retail sales statistics released by the Census and Statistics Department of Hong Kong Government in May 2024, the provisional estimate of the value of sales of jewellery, watches and clocks, and valuable gifts from January to March 2024 decreased marginally by 0.5% year-on-year. The Group's retailing revenue in Hong Kong increased significantly by 49.9% to HK\$6,355,946,000 (2023: HK\$4,239,220,000) for the Year under review. As at 31 March 2024, the Group operated 54 self-operated shops (2023: 45 shops) in Hong Kong.

Macau

The number of visitor arrivals to Macau has also risen sharply after the reopening of borders. According to the market figures released by the Macau Government Tourism Office, Mainland visitor arrivals to Macau in 2023 increased by approximately 2.7 times over last year to approximately 19 million and per capita spending of Mainland visitors decreased by 6% year-on-year. With the full resumption of normal travel with the Mainland, the number of Mainland visitor arrivals to Macau from January to March 2024 surged by 94.3% year-on-year to approximately 6.3 million, and the per capita consumption of Mainland tourists in the first quarter decreased by 31.6% year-on-year. The Group's revenue generated from Macau increased substantially by 77.8% to HK\$2,892,400,000 (2023: HK\$1,626,973,000) during the Year under review. As at 31 March 2024, the Group had a total of 18 self-operated shops (2023: 16 shops) in Macau.

Overseas

As at 31 March 2024, the Group operated a total of 21 overseas shops (2023: 15 shops), including self-operated shops of 4 in the United States and 4 in Malaysia, 2 in Canada and 2 in Australia, as well as 3 licensed shops in Cambodia and the Philippines respectively, and 1 licensed shop in Laos, Thailand and Australia respectively.

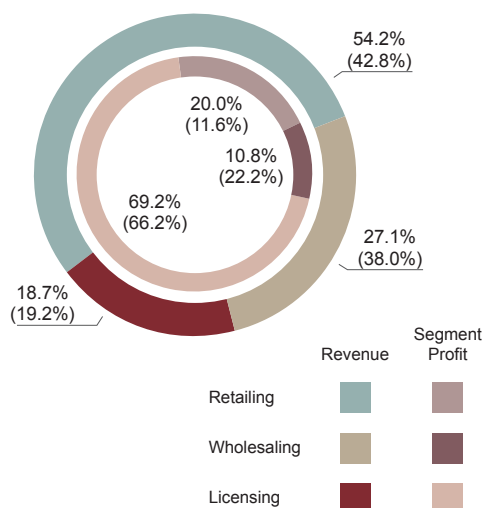
During the Year under review, retailing revenue from the Hong Kong, Macau and overseas markets increased by 52.9% to HK\$9,885,611,000 (2023: HK\$6,464,974,000), accounting for 98.4% (2023: 98.2%) of these markets' total and 64.5% (2023: 54.0%) of the Group's total. Its segment profit increased significantly by 91.6% to HK\$1,052,531,000 (2023: HK\$549,384,000), accounting for 89.2% (2023: 95.2%) of these markets's total and 48.9% (2023: 31.9%) of the Group's total, with a segment profit margin of 10.6% (2023: 8.5%). The overall SSS in the Hong Kong, Macau and overseas markets was +35.7% (2023: +33.0%). The SSS of their gold and platinum products was +42.0% (2023: +46.9%) and +18.7% (2023: +5.8%) for fixed price jewellery products.

In addition, the wholesaling business revenue increased slightly by 3.6% to HK\$108,739,000 (2023: HK\$104,987,000), accounting for 1.1% (2023: 1.6%) of the Hong Kong, Macau and overseas markets' total revenue and 0.7% (2023: 0.9%) of the Group's total. Its segment profit increased by 676.5% to HK\$80,752,000 (2023: HK\$10,399,000) as a result of the substantial increase in inter-segment sales, accounting for 6.8% (2023: 1.8%) of these markets' total and 3.8% (2023: 0.6%) of the Group's total. Its segment profit margin was 74.3% (2023: 9.9%). As the segment profit of wholesaling business included the profit of inter-segment sales to self-operated shops, if including inter-segment sales in the denominator, its segment profit margin would be 3.0% (2023: 0.5%).

Apart from that, Hong Kong licensing income increased by 183.1% to HK\$45,466,000 (2023: HK\$16,058,000), accounting for 0.5% (2023: 0.2%) of these markets' total and 0.3% (2023: 0.1%) of the Group's total. Its segment profit was HK\$46,394,000 (2023: HK\$17,097,000), accounting for 3.9% (2023: 3.0%) of these markets' total and 2.2% (2023: 1.0%) of the Group's total. Its segment profit margin was 102.0% (2023: 106.5%).

Overall speaking, revenue from the Hong Kong, Macau and overseas markets increased by 52.4% to HK\$10,039,816,000 (2023: HK\$6,586,019,000) during the Year under review, accounting for 65.5% (2023: 55.0%) of the Group's total. Its segment profit increased substantially by 104.5% to HK\$1,179,677,000 (2023: HK\$576,880,000), accounting for 54.8% (2023: 33.5%) of the Group's total. Its segment profit margin was 11.7% (2023: 8.8%).

Mainland



HK\$M	Revenue	Segment Profit	Segment Profit Margin
Retailing	2,863	194	6.8%
<i>Y-o-Y Changes</i>	+24.1%	+46.5%	+1.1 p.p.
Wholesaling	1,434	106	7.3%
<i>Y-o-Y Changes</i>	-30.0%	-58.6%	-5.1 p.p.
<i>Adjusted Wholesaling</i>	1,597 ¹	106	6.6%
<i>Y-o-Y Changes</i>	-24.1%	-58.6%	-5.5 p.p.
Licensing	989	673	68.1%
<i>Y-o-Y Changes</i>	-4.7%	-11.3%	-5.1 p.p.
Overall	5,286	973	18.4%
<i>Y-o-Y Changes</i>	-2.0%	-15.2%	-2.9 p.p.

Remarks: Comparative figures for FY2023 are shown in brackets

¹ Adjusted Wholesaling Revenue = Revenue of Wholesaling Business to External Parties + Inter-Segment Wholesaling Revenue

Mainland

Despite the lackluster macroeconomic conditions in the Mainland market, driven by the robust growth of e-commerce business, its retailing revenue experienced satisfactory increase of 24.1% to HK\$2,863,294,000 (2023: HK\$2,306,955,000), accounting for 54.2% (2023: 42.8%) of Mainland market's revenue and 18.7% (2023: 19.3%) of the Group's total. Its segment profit increased by 46.5% to HK\$194,322,000 (2023: HK\$132,598,000), accounting for 20.0% (2023: 11.6%) of Mainland markets' total and 9.0% (2023: 7.7%) of the Group's total. Its segment profit margin was 6.8% (2023: 5.7%). The overall SSS in Mainland narrowed from -16.9% last year to -2.4%. The SSS for its gold and platinum products made a turnaround to +1.9% (2023: -14.3%) and was -21.3% (2023: -26.4%) for its fixed price jewellery products.

Due to the continued sluggish demand for diamond products in the Mainland market, its revenue of the wholesaling business, which primarily focuses on sales of diamond products, decreased by 30.0% to HK\$1,433,852,000 (2023: HK\$2,047,466,000), and accounted for 27.1% (2023: 38.0%) of Mainland market's revenue and 9.4% (2023: 17.1%) of the Group's total. Its segment profit decreased by 58.6% to HK\$105,332,000 (2023: HK\$254,728,000), accounting for 10.8% (2023: 22.2%) of Mainland market's total and 4.9% (2023: 14.8%) of the Group's total. Its segment profit margin reduced to 7.3% (2023: 12.4%) as a result of recognising inventory impairment provisions of HK\$35,416,000 (2023: Nil) because of the decline in market prices of diamond raw material. As the segment profit of wholesaling business included the profit of inter-segment sales to self-operated shops, if including inter-segment sales in the denominator, its segment profit margin would be 6.6% (2023: 12.1%).

Licensing income in the Mainland market decreased by 4.7% to HK\$989,000,000 (2023: HK\$1,037,404,000), which accounted for 18.7% (2023: 19.2%) of Mainland market's revenue and 6.5% (2023: 8.7%) of the Group's total. Its segment profit decreased by 11.3% to HK\$673,311,000 (2023: HK\$759,430,000), accounting for 69.2% (2023: 66.2%) of Mainland market's total and 31.3% (2023: 44.0%) of the Group's total. Its segment profit margin was 68.1% (2023: 73.2%).

To cater to the customer needs of different profiles, the Group actively created different sub-brands and product lines. The Group developed "Goldstyle", a popular product collection well known for pioneering exquisite techniques, into independent shops in May 2019. In FY2022, the Group introduced "Lukfook Joaillerie", to target at high-end market, and "Heirloom Fortune", which features traditional craftsmanship of gold jewellery. In May 2023, the Group also launched "Love LUKFOOK JEWELLERY", which targets at the affordable luxury market.

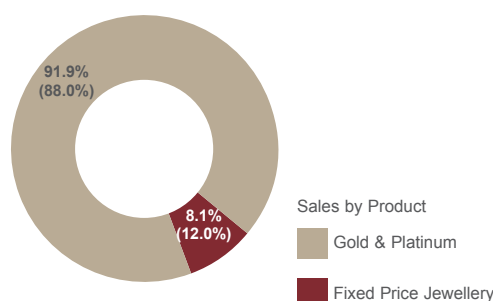
As at 31 March 2024, the Group had a total of 3,490 shops (2023: 3,029 shops) in the Mainland, including 3,030 “Lukfook” shops (2023: 2,862 shops), 213 “3DG Jewellery” shops (2023: 0 shop), 56 “Goldstyle” shops (2023: 73 shops), 27 “Lukfook Joaillerie” shops (2023: 13 shops), 146 “Heirloom Fortune” shops (2023: 81 shops) and 18 “Love LUKFOOK JEWELLERY” shops (2023: 0 shop). Apart from that, the Group added a net total of 169 “Lukfook” licensed shops (2023: +224 shops), while the number of “Lukfook” self-operated shops decreased by 1 shop (2023: -8 shops). Details are as follows:

Mainland Distribution Network

Shop number of Main-brands/Sub-brands/Product lines		31 March 2024	31 March 2023	Changes
“Lukfook”	Self-operated Shops	68	69	-1
	Licensed Shops	2,962	2,793	+169
	Sub-total	3,030	2,862	+168
“3DG Jewellery”	Self-operated Shops	63	0	+63
	Licensed Shops	150	0	+150
	Sub-total	213	0	+213
“Goldstyle”	Self-operated Shop	1	1	0
	Licensed Shops	55	72	-17
	Sub-total	56	73	-17
“Lukfook Joaillerie”	Self-operated Shops	3	1	+2
	Licensed Shops	24	12	+12
	Sub-total	27	13	+14
“Heirloom Fortune”	Self-operated Shops	15	12	+3
	Licensed Shops	131	69	+62
	Sub-total	146	81	+65
“Love LUKFOOK JEWELLERY”	Speciality Shops	18	0	+18
	Sub-total	18	0	+18
Total	Self-operated Shops	150	83	+67
	Licensed Shops	3,322	2,946	+376
	Speciality Shops	18	0	+18
Total		3,490	3,029	+461

During the Year under review, the overall same store sales growth of “Lukfook” licensed shops in Mainland was +1.6% (2023: -9.5%), while the same store sales growth for its gold and fixed price jewellery products was +7.6% (2023: -4.2%) and -13.6% (2023: -20.3%) respectively.

FY2024
Mainland E-commerce Business Performance



Revenue	
HK\$1,837 Million	+26.0% <i>Y-o-Y Changes</i>
	FY2024 Revenue Growth Target: +10%
Average Selling Price ¹	
RMB1,800	+12.5% <i>Y-o-Y Changes</i>
Contribution to Mainland Retailing Revenue ²	
64.2%	(FY2023: 63.2%)
Contribution to Group's Retailing Revenue ²	
14.4%	(FY2023: 16.6%)

Remarks: Figures for FY2023 are shown in brackets

¹ ASP included value-added tax (VAT)

² Sales of self-operated shops and e-commerce business

During the Year under review, revenue of e-commerce business from Mainland experienced an increase of 26.0% to HK\$1,837,085,000 (2023: HK\$1,457,853,000), exceeded the original growth target of 10% for this financial year, and accounting for 64.2% (2023: 63.2%) of the retailing revenue in Mainland and 14.4% (2023: 16.6%) of the Group's retailing revenue. Sales of gold and platinum products accounted for 91.9% (2023: 88.0%) of its sales mix and 8.1% (2023: 12.0%) for its fixed price jewellery products.

Overall speaking, during the Year under review, total revenue from the Mainland market decreased slightly by 2.0% to HK\$5,286,146,000 (2023: HK\$ 5,391,825,000), accounting for 34.5% (2023: 45.0%) of the Group's total. Its segment profit decreased by 15.2% to HK\$972,965,000 (2023: HK\$1,146,756,000), accounting for 45.2% (2023: 66.5%) of the Group's total. Its segment profit margin was 18.4% (2023: 21.3%).

Financial Impact in relation to Investments and Operating Activities in HKRH & Its Subsidiaries (Before Completion of the Acquisition)

Gain/(Loss)			
HK\$M	FY2024	FY2023	Y-o-Y Changes
50% Results of Associate	–	(23)	+23
Wholesaling Gross Profit	6	1	+5
Fair Value Loss on Provision for a Financial Guarantee Contract	(51)	–	(51)
Interest Income on Working Capital Loan	1	–	+1
Total	(44)	(22)	(22)

During the Year under review and before the completion of the acquisition of HKRH, the total losses in relation to investments and operating activities in HKRH and its subsidiaries increased to HK\$44,000,000 (2023: loss of HK\$22,000,000).

FINANCIAL REVIEW

Non-HKFRS Financial Measure

To supplement the consolidated results of the Group prepared in accordance with HKFRS, certain non-HKFRS financial measures, EBITDA, EBITDA margin and total operating expenses to revenue ratio have been presented in this announcement. The management of the Group believes that such non-HKFRS financial measures provide investors with clearer view on the Group's financial results, and with useful supplementary information to assess the performance of the Group's strategic operations by excluding the impact of certain non-cash items. Nevertheless, the use of this non-HKFRS financial measure has limitations as an analytical tool. These unaudited non-HKFRS financial measures should be considered in addition to, not as a substitute for, analysis of the Group's financial performance prepared in accordance with HKFRS. In addition, these non-HKFRS financial measures may be defined differently from similar terms used by other companies.

Liquidity and Financial Resources

As at 31 March 2024, the Group's cash and bank balances amounted to HK\$1,998,000,000 (2023: HK\$2,348,000,000). Net cash was HK\$570,000,000 (2023: HK\$1,808,000,000). The debt-to-equity ratio was 31.0% (2023: 22.2%), being the ratio of total liabilities of HK\$3,990,000,000 (2023: HK\$2,708,000,000) against total shareholders' equity of HK\$12,891,000,000 (2023: HK\$12,221,000,000). As at 31 March 2024, the Group's banking facilities amounted to approximately HK\$4.42 billion (2023: HK\$4.09 billion), of which HK\$1.43 billion (2023: HK\$0.54 billion) has been utilised. The Group's income and expenditure streams are mainly denominated in Hong Kong dollars.

Inventory

Inventory Turnover Days (By Product)

Turnover Days	Average Inventory		Closing Inventory	
	FY2024	Y-o-Y Changes	FY2024	Y-o-Y Changes
Gold	180	-57	191	-59
Fixed price jewellery	738	+82	753	+116
Overall	310	-68	322	-58

As at 31 March 2024, the Group's inventory slightly increased by 8.1% to HK\$9,567,000,000 (2023: HK\$8,853,000,000). The average inventory turnover days were 310 days (2023: 378 days) with the average inventory turnover days of gold products being 180 days (2023: 237 days) and 738 days (2023: 656 days) for fixed price jewellery products.

The inventory turnover days calculated basing on closing inventory were 322 days (2023: 380 days) with the closing inventory turnover days of gold products being 191 days (2023: 250 days) and 753 days (2023: 637 days) for fixed price jewellery products.

Capital Expenditure

During the Year under review, the Group's capital expenditures amounted to approximately HK\$680,000,000 (2023: HK\$107,000,000), including the costs of properties, leasehold lands, land use rights, leasehold improvements, furniture, fixtures and equipment.

Capital Commitments

As at 31 March 2024, the Group's total capital commitments amounted to HK\$20,000,000 (2023: HK\$23,000,000).

Contingent Liabilities and Guarantee

As at 31 March 2023, the Group had corporate financial guarantee amounting to HK\$1,075,000,000 to banks in respect of 50% of the aggregated amount of banking facilities granted to an associate. As at 31 March 2023, the banking facilities utilised by the associate were HK\$1,644,000,000.

As at 31 March 2023, a loss allowance amounted to approximately HK\$37,000,000 estimated under the expected credit loss model in respect of such corporate financial guarantee of the Group was recognised.

As at 31 March 2024 and 2023, save as disclosed above, the Group had no significant contingent liabilities.

Acquisition of HKRH

On 28 July 2023, Lukfook 3D Investment Holding Company Limited, a wholly-owned subsidiary of the Company, as the Offeror, entered into sale and purchase agreements with various substantial shareholders of HKRH as the Vendors (as amended and supplemented by the Supplemental Agreements dated 18 December 2023 and 11 January 2024, respectively) (collectively referred to as the “S&P Agreements”), to acquire 50.4% of the issued shares of HKRH at an aggregate consideration of HK\$104,000,000. Upon completion of the S&P Agreements on 12 January 2024, HKRH became a subsidiary of the Company and its financial results after the completion date of the acquisition have been consolidated into the financial statements of the Group with effect from the current year. Upon completion of the S&P agreements, on 19 January 2024, the Group made an unconditional mandatory cash offer (the “Offer”) in compliance with the Code on Takeovers and Mergers to acquire all the issued shares of HKRH (other than those already owned or agreed to be acquired by the Offeror and/or parties acting in concert with it) and to cancel all the outstanding share options of HKRH. Immediately after the completion of the Offer on 9 February 2024, the Group held in aggregate 80.1% of the issued shares of HKRH. Subsequently, on 28 March 2024, the Company declared a special interim dividend by way of distribution in specie of HKRH shares and the Group’s shareholding in HKRH shares was reduced to approximately 71.2%.

The acquisition of HKRH has not only strengthened the Group’s control over the brand of “3DG Jewellery”, but also has unlocked its full potential for brand development, which facilitates synergies with the Group’s business. Concurrently, HKRH can leverage the Group’s robust financial strength and brand management expertise to drive long-term returns for the Group.

Human Capital Policy

As at 31 March 2024, the number of employees of the Group was approximately 6,900 (2023: 6,000). 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.

Multi-Brand Strategy

Under the influence of consumption trend shift and social media, consumer preferences for jewellery have changed accordingly. To cater for the preferences of different customer groups, the Group has adopted a targeted development strategy and enriched its product lines and brand portfolio through multi-brand strategy to meet the needs of different customers. The Group’s brands and sub-brands/product lines include:

Lukfook Jewellery

Lukfook Jewellery targets at mass luxury market and is committed to providing consumers with quality and good value-for-money jewellery products through its 3,117 points of sale. During the Year under review, Lukfook Jewellery appointed popular actress Tang Yan as its global brand ambassador, and also strengthened cooperation with young celebrities. During our anniversary promotion period, we invited Neo Hou, a rising actor in Mainland, to be our “Share Love and Fun Anniversary Ambassador”, and collaborated with Hong Kong singer Jace Chan on our product photography. Lukfook Jewellery continued to identify new business opportunities in the international market, and opened new shops in Thailand and the United States during the Year under review. In the Hong Kong market, the Group has deployed shops in tourist areas before the reopening of borders in order to seize the opportunities brought by the reopening. In the Mainland market, Lukfook Jewellery kicked off the “Sweet Love Roadshows” across the country. The brand also collaborated with the animation “The Land of Warrior”, which has topped the Xinhua Cultural Industry Value Comprehensive Ranking List for two consecutive years, and introduced the gold accessories in collaboration with the mobile game “Happy Poke”. We have also created the “King Pro League” champion rings for 15 consecutive seasons. During the Year under review, Lukfook Jewellery participated in 22 wedding expos and the “3rd China International Consumer Products Expo”, the largest consumer products exhibition in the Asia-Pacific region. Lukfook Jewellery also rolled out a series of branding activities featuring the theme of “Recognise Lukfook Jewellery of Hong Kong” in fourth- and fifth-tier cities to raise Lukfook Jewellery’s influence and recognition there.

3DG Jewellery

3DG Jewellery has been adhering to the service concept of “3DG Prestige Service” since its establishment 20 years ago. 3DG Jewellery has launched delicate and good-value-for-money products with creative design and exquisite craftsmanship to cater to consumers’ demand for affordable luxury jewellery through its 218 points of sale. The brand upgraded its store image to the seventh generation during the Year under review. The new store design features a combination of peach fuzz warm colours, combined with bronze and light beige tones, and creatively incorporated the new theme concept of “Sophisticated Female” into the decoration design, showcasing a fashionable and diversified female styles complemented by personalised jewellery. It provides consumers with fashion references and a comfortable shopping experience. 2023 marked the 20th anniversary of 3DG Jewellery. The brand celebrated its 20th anniversary with the theme “Dazzling Golden Life” by holding the “20th Anniversary Revitalisation Ceremony and Gala Dinner”, breathing more stylish attributes and attention-grabbing brilliance into the “Gold” in the brand name. The brand’s spokesperson, Xu Kai, made an appearance at the event, joining the guests in witnessing this glorious and dazzling moment. In addition, the brand featuring “Love Glitter” jewellery collection as its iconic theme, joined hands with its brand spokesperson Xu Kai to hold the launch ceremony of the “520 Love Glitter” Roadshow at Hisense Plaza, Tianjin in May 2023.

Heirloom Fortune

With the popularity of the “China-chic” and “New Chinese Style” elements in recent years, the Group’s “Heirloom Fortune” Collection has been well received since its launch, and therefore 146 “Heirloom Fortune” shops have been opened in Mainland subsequently. The Group incorporated craftsmanship including enamelling, antique craftsmanship, mother-of-pearl inlay and gilt-colouring into gold products, and combined exquisite classic craftsmanship with contemporary aesthetics. During the Year under review, the Group held the “Heirloom Fortune” Perfection roadshows across the country. The “Heirloom Fortune” Collection also launched cross-over collaboration in various sectors, including cooperation with “Tao Tao Ju”, a restaurant with a history of over 140 years, and SHE’S, a brand specialising in high-end hair accessories. “Heirloom Fortune” will endeavour to extend its channels and market network, and enhance the brand’s influence and recognition in the region.

Goldstyle

“Goldstyle” Collection is crafted with innovative techniques to double the hardness of gold and provides the style effects of karat gold. In addition to “Goldstyle”, the Group also introduced the “Goldstyle • X” Collection featuring a modern aesthetic blend of gold and diamond. “Goldstyle” currently has 56 shops in Mainland, and will continue to enhance the shopping experience and improve the retail network.

Lukfook Joaillerie

The Group established “Lukfook Joaillerie”, and turned its 28 shops into a superior, elegant jewellery aesthetic experience space. “Lukfook Joaillerie” tailor-made jewellery pieces for our global brand ambassador Tang Yan to attend various events, and also launched the “High-end Joaillerie” roadshows. We opened our first overseas “Lukfook Joaillerie” shop in Malaysia, and invited Moon Lau, TVB Star Awards Malaysia Favorite heroine, as the honoured guest. In future, we will also continue to pay close attention to and seize the development opportunities for expansion of our global retail network to reach out to more consumer groups.

Love LUKFOOK JEWELLERY

During the Year under review, the Group launched a new brand “Love LUKFOOK JEWELLERY”, targeting young consumers who value fashion, individuality and trendy lifestyle, as well as those who pursue affordable luxury and quality life. “Love LUKFOOK JEWELLERY” shops extend the overall colour tone of “Lukfook Jewellery”, and aim to create a heart-warming, romantic shopping experience. “Love LUKFOOK JEWELLERY” has opened 18 shops in the first year of its launch, reflecting its success and popularity among customers. “Love LUKFOOK JEWELLERY” will speed up its expansion by opening new shops across various cities in Mainland to expand its business territory.

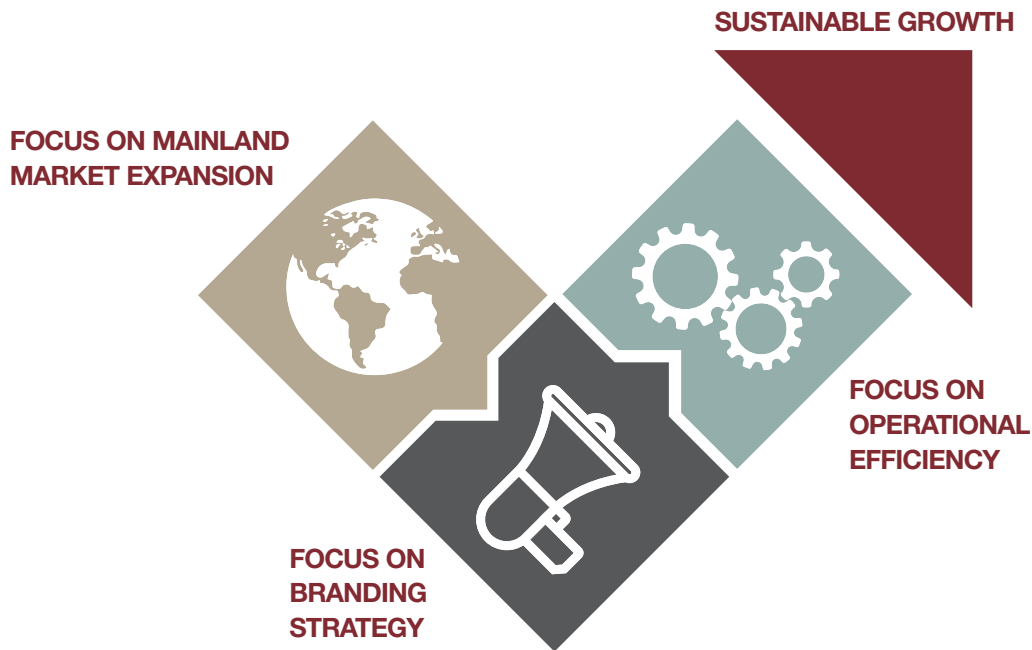
OUTLOOK

The increase in central banks' gold reserves and ongoing worldwide geopolitical tensions have driven gold prices to reach new highs since March. In addition, in the face of challenges such as macroeconomic uncertainties, weakened consumer sentiment as well as a slip of RMB, the sales performance of the Group in January to March was impacted to a certain extent. The continued escalation of gold prices to new record levels in April further impacted the sales of gold products. The Group's SSS from April to 21 June 2024 was approximately -35% in the Hong Kong and Macau market and approximately -20% for the Mainland market.

Since the demand for diamond products remains subdued in the Mainland, the Group will continue to actively promote non-diamond fixed price jewellery products in order to enhance the performance of fixed price jewellery products. Moreover, although the temporary spike in gold prices may affect sales performance, an increase in profit margin will help mitigate the impact of the decline in sales. Sales of the gold products are expected to resume to the normal levels after consumers adapt to the high gold prices. Furthermore, the Mainland government is actively working on expanding domestic demand to support the gradual recovery of the Mainland market. In hopes of improved macroeconomic conditions as well as retail sentiment recovery, the retailing business is expected to regain its growth momentum. As such, the Group remains optimistic about its mid-to long-term business prospects. The Group will continue to expand in the Mainland market and still expects to see a positive growth in shop number in the coming year.

Apart from that, the Group is optimistic about the immense growth potential in the overseas markets too. As a result, the Group will allocate more resources to expand its footprint across the world and plans to have a net addition of approximately 15 shops in the overseas markets in the coming year.

Before the beginning of FY2023, the Group has set up its new three-year corporate strategy with Mainland Market Expansion, Branding Strategy and Operational Efficiency as its three main focuses so as to foster its future business growth.



Mainland Market Expansion

In the coming year, the expansion of “Lukfook” shops in Mainland will continue to focus on opening licensed shops in fourth- and fifth-tier cities. As for the development of new brands, including the “3DG Jewellery” brand acquired by the Group on 12 January 2024, the Group aims to mainly add licensed shops in the Mainland as well. In addition, the Group is also committed to further developing its e-commerce business and strengthening cooperation with various e-commerce platforms in the Mainland. At the same time, it will also optimise its own e-commerce platform, aiming to sustain the growth in e-commerce revenue. In light of the enormous spending potential of young consumers on online sales platforms, the Group will continue its endeavours to promote the sales of affordable luxury jewellery products to expand its footprint in the young consumer market.

Branding Strategy

While the Group continuously strengthens its brand image and positioning, it enhances product quality assurance, improves service quality, optimises support for licensees and adopts a multi-brand strategy to meet various market needs. Following the launch of various sub-brands/product lines “Goldstyle”, “Lukfook Joaillerie” and “Heirloom Fortune”, the Group launched a sub-brand “Love LUKFOOK JEWELLERY” in May 2023 and added the “3DG Jewellery” brand after the acquisition of HKRH in January 2024, in order to appeal to the younger generation for the affordable luxury market. The Group will persist in penetrating and targeting the middleclass, wedding, and Generation Z markets while seizing development opportunities. It also focuses on enhancing visual merchandising, boosting cross-selling efforts, conducting VIP promotional activities, and collaborating with other industries or brands to improve sales and profits. The Group will continue allocating resources to various online media and APPs, including RED, Tiktok, Bilibili, to reach target customers and further enhance synergy between online and offline sales channels. The Group also recognises the importance of environmental protection and climate change, as well as the awareness of environmental protection among stakeholders, including consumers, and thus the Group will set up a long-term goal of carbon reduction to enhance the Group’s contribution to environmental protection.

Operational Efficiency

In order to enhance its competitive edge, the Group will improve its operational efficiency by revamping its supply chain management, implementing full automation, big data management, and data analytics system. The Group will also strive to maximise employees’ productivity by cultivating and nurturing cultures of continuous improvement and innovation.

FINAL DIVIDEND

The Board proposed a final dividend of HK\$0.64 per ordinary share for the year ended 31 March 2024 (2023: final dividend of HK\$0.55 per ordinary share) to shareholders whose names appear on the register of members of the Company on 22 August 2024. Taking into account of the interim dividend and the special interim dividend (by way of distribution in specie of HKRH shares) paid, the total dividend for the year would amount to HK\$1.41 per ordinary share, totalling HK\$826,871,000 for the year (2023: HK\$1.10 per ordinary share, totalling HK\$645,818,000). Subject to the approval of the shareholders at the forthcoming annual general meeting (the “AGM”) of the Company to be held on 15 August 2024, the final dividend will be paid on or around 4 September 2024.

CLOSURE OF REGISTER OF MEMBER

The register of members of the Company for the AGM will be closed from 12 August 2024 to 15 August 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attendance at the AGM to be held on 15 August 2024, all transfers accompanied by the relevant share certificates must be lodged with the Company’s share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 9 August 2024.

The register of members of the Company for the final dividend will also be closed on 22 August 2024 and no transfer of shares will be registered on that day. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 21 August 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 and, where applicable, the recommended best practices 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 Wai Sheung, 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 other prominent and experienced individuals from the community. The Board considers that the existing Board composition, with the assistance of the Board Committees and the Deputy Chairman, 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 31 March 2024.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers 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) and the Company (lukfook.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
Luk Fook Holdings (International) Limited
WONG Wai Sheung
Chairman & Chief Executive Officer

Hong Kong, 28 June 2024

As at the date of this announcement, the Company's Executive Directors are Mr. WONG Wai Sheung (Chairman and Chief Executive Officer), Mr. WONG Ho Lung, Danny (Deputy Chairman), Ms. WONG Hau Yeung, Ms. WONG Lan Sze, Nancy and Dr. CHAN So Kuen; the Non-executive Directors are Mr. TSE Moon Chuen, Mr. HUI Chiu Chung, JP and Mr. LI Hon Hung, BBS, MH, JP; the Independent Non-executive Directors are Mr. IP Shu Kwan, Stephen, GBS, JP, Mr. MAK Wing Sum, Alvin, Ms. WONG Yu Pok, Marina, JP and Mr. HUI King Wai.