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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

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

#### HIGHLIGHTS

- Revenue reached HK\$7.5 billion, a 34.3% increase compared to the same period last year, mainly benefitted from the full reopening of borders amongst Hong Kong SAR, China<sup>1</sup>, Macau SAR, China<sup>2</sup> and Mainland China<sup>3</sup>, 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 55.7% to HK\$6.0 billion, accounting for 80.5% (2022: 69.5%) of the Group's total revenue, primarily driven by the sales of gold products
- The increase in the mix of retailing revenue has resulted in an overall gross margin increase of 1.7 p.p. to 27.8%, with the gross profit amount rose by 42.9%
- Despite the substantial reduced subsidies from the Hong Kong and the Mainland governments, the ratio of total operating expenses to revenue improved by 0.8 p.p. to 14.3% (2022: 15.1%), resulting in a 39.3% increase in operating profit to HK\$1.1 billion
- Profit attributable to equity holders increased by 43.3% to HK\$0.9 billion, the second-highest interim performance in the Group's history

<sup>1</sup> Hong Kong SAR, China: Hereafter refers to as "Hong Kong"

<sup>2</sup> Macau SAR, China: Hereafter refers to as "Macau"

<sup>3</sup> Mainland China: Hereafter refers to as "Mainland"

<b>FINANCIAL PERFORMANCE</b>			
	<b>For the six months ended 30 September 2023 HK\$'000</b>	<b>For the six months ended 30 September 2022 HK\$'000</b>	<b>Y-o-Y Changes</b>
Revenue	<b>7,486,031</b>	5,573,184	+34.3%
Gross Profit	<b>2,081,444</b>	1,456,237	+42.9%
Operating Profit	<b>1,140,331</b>	818,463	+39.3%
Profit for the period	<b>942,631</b>	657,598	+43.3%
Profit Attributable to Equity Holders	<b>942,651</b>	657,618	+43.3%
Basic Earnings per Share	<b>HK\$1.61</b>	HK\$1.12	+43.8%
Interim Dividend per Share	<b>HK\$0.72</b>	HK\$0.55	+30.9%
Dividend Payout Ratio	<b>45%</b>	49%	-4 p.p.
Gross Margin	<b>27.8%</b>	26.1%	+1.7 p.p.
Operating Margin	<b>15.2%</b>	14.7%	+0.5 p.p.
Net Margin	<b>12.6%</b>	11.8%	+0.8 p.p.
EBITDA	<b>1,374,036</b>	999,434	+37.5%
EBITDA Margin	<b>18.4%</b>	17.9%	+0.5 p.p.
Adjusted EBITDA*	<b>1,207,465</b>	859,611	+40.5%
Adjusted EBITDA Margin	<b>16.1%</b>	15.4%	+0.7 p.p.
Total Operating Expenses to Revenue Ratio	<b>14.3%</b>	15.1%	-0.8 p.p.
Effective Tax Rate	<b>17.1%</b>	18.2%	-1.1 p.p.

\* *Adjusted EBITDA represents the EBITDA without adding back depreciation of right-of-use assets*

The board of directors (the “Board”) of Luk Fook Holdings (International) Limited (the “Company”) is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2023 together with comparative figures for the corresponding period in 2022 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 September 2023

	Note	For the six-month period ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	5	7,486,031	5,573,184
Cost of sales		(5,404,587)	(4,116,947)
<b>Gross profit</b>		<b>2,081,444</b>	1,456,237
Other income	7	96,113	137,606
Other gains, net	8	65,208	64,359
Selling and distribution costs		(957,368)	(749,406)
Administrative expenses		(113,053)	(91,323)
Net (provision)/reversal of impairment loss on financial assets and financial guarantee		(32,013)	990
<b>Operating profit</b>	6	<b>1,140,331</b>	818,463
Finance income		14,400	18,180
Finance costs		(17,273)	(9,303)
Finance (costs)/income, net		(2,873)	8,877
Share of results of an associate		–	(23,146)
<b>Profit before income tax</b>		<b>1,137,458</b>	804,194
Income tax expenses	9	(194,827)	(146,596)
<b>Profit for the period</b>		<b>942,631</b>	657,598
<b>Profit attributable to:</b>			
Equity holders of the Company		942,651	657,618
Non-controlling interests		(20)	(20)
		<b>942,631</b>	657,598
<b>Earnings per share for profit attributable to equity holders of the Company during the period</b>			
Basic and diluted	10	HK\$1.61	HK\$1.12

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six-month period ended 30 September 2023*

	<b>For the six-month period ended 30 September</b>	
<i>Note</i>	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Profit for the period</b>	<b>942,631</b>	657,598
<b>Other comprehensive (loss)/income:</b>		
<i>Items that may be or have been subsequently reclassified to profit or loss</i>		
Currency translation differences		
– Group	(390,389)	(703,370)
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Revaluation of financial assets at fair value through other comprehensive income	539	77
<b>Other comprehensive loss for the period, net of tax</b>	<b>(389,850)</b>	(703,293)
<b>Total comprehensive income/(loss) for the period</b>	<b>552,781</b>	(45,695)
<b>Attributable to:</b>		
– Equity holders of the Company	552,801	(45,675)
– Non-controlling interests	(20)	(20)
<b>Total comprehensive income/(loss) for the period</b>	<b>552,781</b>	(45,695)

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2023

	As at 30 September 2023 <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,091,175	918,560
Investment properties	1,061,303	1,127,727
Right-of-use assets	1,152,407	670,058
Interests in an associate	12	–
Financial assets at fair value through other comprehensive income	1,327	788
Trading license	1,080	1,080
Deposits, prepayments and other receivables	104,047	90,724
Deferred income tax assets	113,180	146,666
	3,524,519	2,955,603
<b>Current assets</b>		
Inventories	9,437,595	8,852,611
Right of return assets	118,257	98,878
Trade receivables	13	213,823
Deposits, prepayments and other receivables	435,243	440,212
Amount due from an associate	–	4
Income tax recoverables	22,608	19,724
Cash and cash equivalents	2,253,889	2,347,651
	12,454,854	11,972,903
Total assets	15,979,373	14,928,506
<b>EQUITY</b>		
<b>Capital and reserves attributable to the equity holders of the Company</b>		
Share capital	58,710	58,710
Share premium	2,494,040	2,494,040
Reserves	9,898,582	9,668,690
	12,451,332	12,221,440
Non-controlling interests	(518)	(498)
Total equity	12,450,814	12,220,942

## CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 September 2023

		As at 30 September 2023 <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		72,733	59,656
Lease liabilities		239,702	147,605
Employee benefit obligations		33,872	33,872
		<u>346,307</u>	<u>241,133</u>
<b>Current liabilities</b>			
Trade payables, other payables and accruals	14	1,226,200	1,235,102
Financial guarantee contract		68,868	36,831
Contract liabilities		150,454	162,962
Lease liabilities		204,221	172,462
Sales refund liabilities		216,774	193,516
Amount due to an associate		337	–
Bank borrowings	15	758,000	115,020
Gold loans		394,737	425,114
Current income tax liabilities		162,661	125,424
		<u>3,182,252</u>	<u>2,466,431</u>
<b>Total liabilities</b>		<u>3,528,559</u>	<u>2,707,564</u>
<b>Total equity and liabilities</b>		<u>15,979,373</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.

This condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

### 2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six-month period ended 30 September 2023 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountant (the “HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2023, which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

### 3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those set out in the Group’s annual financial statements for the year ended 31 March 2023.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

- (a) New standard and amendments to existing standards that are effective for the first time for the financial year beginning 1 April 2023:

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
HKFRS 17	Insurance Contracts

The adoption of the above new standard and amendments to existing standards did not have any significant impact on the preparation of these condensed consolidated interim financial information.

- (b) Certain new amendments to existing standards and interpretation have been published that are mandatory for the Group's accounting periods beginning on or after 1 April 2024, which the Group has not early adopted, are as follows:

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

<sup>(1)</sup> Effective for annual period beginning on or after 1 January 2024

<sup>(2)</sup> Effective for annual period beginning on or after 1 January 2025

<sup>(3)</sup> To be announced by HKICPA

The directors of the Group will adopt the new 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 new amendments to existing standards and interpretation, none of which is expected to have a significant effect on the condensed consolidated interim financial information of the Group.

#### 4 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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

#### 5 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.

The 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, corporate income and expenses are not included in the results of 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 condensed consolidated interim financial information.

Assets of reportable segments exclude interests in an associate, certain leasehold land and buildings (accounted for as “property, plant and equipment” and “right of use assets”), investment properties, deferred income tax assets, income tax recoverables and corporate assets, all of which are managed centrally. 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 centrally. These form part of the reconciliation to total assets and liabilities on the condensed 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, assets and liabilities, reported to the CODM is measured in a manner consistent with that in the condensed consolidated income statement and condensed consolidated balance sheet.

For the six-month period ended 30 September 2023 (unaudited)

	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	Reportable segments Total HK\$'000
<b>Revenue</b>							
Sales to external customers	4,743,587	1,286,361	65,135	845,242	–	–	6,940,325
Sales of scrap	–	–	181	–	–	–	181
	4,743,587	1,286,361	65,316	845,242	–	–	6,940,506
Inter-segment sales	57,614	310	1,343,524	59,613	–	(1,461,061)	–
Sales of merchandises – at a point of time	4,801,201	1,286,671	1,408,840	904,855	–	(1,461,061)	6,940,506
Royalty and service income – over time	–	–	–	–	501,343	–	501,343
Consultancy fee income – over time	–	–	–	–	44,182	–	44,182
<b>Total</b>	<b>4,801,201</b>	<b>1,286,671</b>	<b>1,408,840</b>	<b>904,855</b>	<b>545,525</b>	<b>(1,461,061)</b>	<b>7,486,031</b>
<b>Results of reportable segments</b>	<b>569,523</b>	<b>93,025</b>	<b>75,544</b>	<b>98,327</b>	<b>391,888</b>	<b>–</b>	<b>1,228,307</b>
A reconciliation of results of reportable segments to profit for the period is as follows:							
<b>Results of reportable segments</b>							1,228,307
Unallocated income							75,013
Unallocated expenses							(162,989)
<b>Operating profit</b>							1,140,331
Finance income							14,400
Finance costs							(17,273)
<b>Profit before income tax</b>							1,137,458
Income tax expenses							(194,827)
<b>Profit for the period</b>							942,631
Add: Loss attributable to non-controlling interests							20
<b>Profit attributable to equity holders of the Company</b>							<b>942,651</b>

As at 30 September 2023 (unaudited)

	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>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>6,332,729</u>	<u>1,765,516</u>	<u>883,497</u>	<u>2,627,658</u>	<u>731,333</u>		12,340,733
Leasehold land and buildings						1,441,346	1,441,346
Investment properties						1,061,303	1,061,303
Deferred income tax assets						113,180	113,180
Income tax recoverables						22,608	22,608
Other unallocated assets						<u>1,000,203</u>	<u>1,000,203</u>
<b>Total assets</b>							<u>15,979,373</u>
Segment liabilities	<u>(769,778)</u>	<u>(57,593)</u>	<u>(23,563)</u>	<u>(212,130)</u>	<u>(816,027)</u>		(1,879,091)
Deferred income tax liabilities						(72,733)	(72,733)
Current income tax liabilities						(162,661)	(162,661)
Bank borrowings						(758,000)	(758,000)
Gold loans						(394,737)	(394,737)
Financial guarantee contract						(68,868)	(68,868)
Other unallocated liabilities						<u>(192,469)</u>	<u>(192,469)</u>
<b>Total liabilities</b>							<u>(3,528,559)</u>

For the six-month period ended 30 September 2022 (unaudited)

	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>
<b>Revenue</b>							
Sales to external customers	2,833,228	1,038,528	59,123	1,099,428	–	–	5,030,307
Sales of scrap	–	–	75	–	–	–	75
	<u>2,833,228</u>	<u>1,038,528</u>	<u>59,198</u>	<u>1,099,428</u>	<u>–</u>	<u>–</u>	<u>5,030,382</u>
Inter-segment sales	27,959	208	807,753	48,152	–	(884,072)	–
	<u>2,861,187</u>	<u>1,038,736</u>	<u>866,951</u>	<u>1,147,580</u>	<u>–</u>	<u>(884,072)</u>	<u>5,030,382</u>
Sales of merchandises – at a point of time	2,861,187	1,038,736	866,951	1,147,580	–	(884,072)	5,030,382
Royalty and service income – over time	–	–	–	–	506,938	–	506,938
Consultancy fee income – over time	–	–	–	–	35,864	–	35,864
	<u>2,861,187</u>	<u>1,038,736</u>	<u>866,951</u>	<u>1,147,580</u>	<u>542,802</u>	<u>(884,072)</u>	<u>5,573,184</u>
<b>Results of reportable segments</b>	<u>211,184</u>	<u>68,422</u>	<u>41,854</u>	<u>143,565</u>	<u>391,322</u>	<u>–</u>	<u>856,347</u>
A reconciliation of results of reportable segments to profit for the period is as follows:							
<b>Results of reportable segments</b>							856,347
Unallocated income							81,082
Unallocated expenses							(118,966)
<b>Operating profit</b>							818,463
Finance income							18,180
Finance costs							(9,303)
Share of results of an associate							(23,146)
<b>Profit before income tax</b>							804,194
Income tax expenses							(146,596)
<b>Profit for the period</b>							657,598
Add: Loss attributable to non- controlling interests							20
<b>Profit attributable to equity holders of the Company</b>							<u>657,618</u>

As at 31 March 2023 (audited)

	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>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>5,751,856</u>	<u>1,755,619</u>	<u>902,250</u>	<u>2,778,445</u>	<u>953,514</u>		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 recoverables						19,724	19,724
Other unallocated assets						<u>567,309</u>	<u>567,309</u>
<b>Total assets</b>							<u>14,928,506</u>
Segment liabilities	<u>(534,371)</u>	<u>(56,087)</u>	<u>(90,447)</u>	<u>(216,527)</u>	<u>(834,070)</u>		(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						<u>(214,017)</u>	<u>(214,017)</u>
<b>Total liabilities</b>							<u>(2,707,564)</u>

## 6 OPERATING PROFIT

Operating profit is stated after charging the following:

	<b>For the six-month period ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Cost of sales ( <i>Note</i> )		
– Cost of inventories sold	<b>5,267,764</b>	3,981,102
– Cost of licensing business	<b>136,823</b>	135,845
Staff costs (including the directors' emoluments) ( <i>Note</i> )	<b>465,473</b>	348,132
Expenses relating to short-term leases and variable lease payments	<b>79,753</b>	49,193
Other taxes expenses	<b>48,936</b>	49,464
Advertising and promotion expenses	<b>46,459</b>	43,695
Commission expenses to payment service providers	<b>45,439</b>	30,900
Depreciation of right-of-use assets	<b>166,571</b>	139,824
Depreciation of investment properties	<b>16,686</b>	17,415
Depreciation of property, plant and equipment	<b>50,448</b>	46,878
Losses on disposal of property, plant and equipment	<b>1,624</b>	3,739

*Note:* Save as disclosed above, staff costs of HK\$183,482,000 (2022: HK\$169,422,000) are included in “cost of sales” in the condensed consolidated income statement.

## 7 OTHER INCOME

	For the six-month period ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Government subsidies		
– Valued-added tax refund ( <i>Note i</i> )	10,956	22,478
– Other government subsidies ( <i>Note ii</i> )	28,992	49,654
– Employment Support Scheme ( <i>Note iii</i> )	–	24,000
Rental income	36,073	31,510
Others	20,092	9,964
	<b>96,113</b>	<b>137,606</b>

### Notes:

- (i) This represents refund from the tax authority in the 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 the 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.

## 8 OTHER GAINS, NET

	For the six-month period ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Net realised gains on derivative financial instruments ( <i>Note i</i> )	14,746	33,273
Net realised gains on foreign exchange forward contracts ( <i>Note ii</i> )	–	6,891
Net unrealised losses on foreign exchange forward contracts ( <i>Note ii</i> )	–	(30)
Realised losses on gold loans receivables	–	(33,138)
Net realised gains on gold loans	14,174	56,211
Unrealised gains on gold loans	26,456	9,031
Net exchange gains/(losses)	9,832	(7,879)
	<b>65,208</b>	<b>64,359</b>

### Notes:

- (i) Derivative financial instruments mainly represent gold contracts. These derivative financial instruments are not qualified for hedge accounting within the context of HKFRS 9.
- (ii) Foreign exchange forward contracts are not qualified for hedge accounting within the context of HKFRS 9.

## 9 INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the period. Under the two-tiered profits tax rates regime, 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%, while only one entity nominated by a group of “connected entities” will be entitled to select the lower tax rate. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

	For the six-month period ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Current taxation:		
– Hong Kong profits tax	29,742	2,867
– Mainland and others taxation	118,522	121,922
– Withholding tax on dividend declared and paid	–	30,835
Deferred income tax	46,563	(9,028)
	<u>194,827</u>	<u>146,596</u>

## 10 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\$942,651,000 (2022: HK\$657,618,000) and the weighted average number of 587,107,850 (2022: 587,107,850) ordinary shares in issue during the period.

Diluted earnings per share for the six-month period ended 30 September 2023 and 2022 are the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the period.

## 11 DIVIDENDS

At a meeting held on 27 June 2023, the directors of the Company recommended the payment of a final dividend of HK\$0.55 per ordinary share, amounting to a total dividend of HK\$322,909,000, for the year ended 31 March 2023. Such dividend was approved by the shareholders at the Annual General Meeting of the Company on 17 August 2023. The aggregate amount of the proposed dividend was expected to be paid out of retained earnings at 31 March 2023, but not recognised as a liability at 31 March 2023.

At a meeting held on 29 November 2023, the directors declared the payment of an interim dividend of HK\$0.72 per ordinary share, amounting to a total dividend of HK\$422,718,000. This proposed dividend has not been reflected as a dividend payable in these condensed consolidated interim financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2024.

## 12 INTERESTS IN AN ASSOCIATE

	As at 30 September 2023 <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
Interests in an associate	–	–
Amount due from an associate ( <i>Note i</i> )	–	4
Amount due to an associate ( <i>Note i</i> )	337	–
	<u>337</u>	<u>–</u>
	<b>For the six-month period ended 30 September</b>	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
As at 1 April (audited)	–	23,146
Share of results of an associate for the period ( <i>Note ii and iv</i> )	–	(23,146)
Share of reserve movement of an associate for the period ( <i>Note iv</i> )	–	–
	<u>–</u>	<u>–</u>
As at 30 September (unaudited)	–	–
	<u>–</u>	<u>–</u>

### Notes:

- (i) Amount due from/(to) an associate is trade in nature, which is denominated in HK\$ and unsecured and interest-free. As at 30 September 2023 and 31 March 2023, the amount due from/(to) an associate was aged within 30 days.
- (ii) The financial year of the associate was not conterminous with that of the Group and the financial statements used for equity accounting are for the six-month period ended 30 June 2023 and 2022. This associate uses 30 June as its financial year-end to conform with its holding company's reporting date.
- (iii) The Group's associate did not have any significant capital commitments as at 30 September 2023 and 31 March 2023.
- (iv) As at 30 September 2023, share of loss and other comprehensive loss of an associate of HK\$70,230,000 (as at 31 March 2023: HK\$40,021,000) and HK\$23,251,000 (as at 31 March 2023: HK\$15,266,000) respectively was not recognised by the Group as such loss exceeds its interests in an associate.

### 13 TRADE RECEIVABLES

The Group's sales comprise mainly cash sales and credit card sales to retail customers and sales to licensees. Concessionaire sales through department stores, sales through e-commerce platforms and sales to wholesale customers are generally on credit terms ranging from 0 to 90 days.

The ageing of trade receivables by invoice date is as follows:

	As at 30 September 2023 <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
0-30 days	175,176	188,883
31-60 days	9,926	12,176
61-90 days	1,614	9,727
91-120 days	1	2,635
Over 120 days	720	601
	<hr/>	<hr/>
	187,437	214,022
Less: Allowance for impairment of trade receivables	(175)	(199)
	<hr/>	<hr/>
Trade receivables, net	<u>187,262</u>	<u>213,823</u>

The carrying amounts of trade receivables approximate their fair values.

### 14 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$228,815,000 (As at 31 March 2023: HK\$280,250,000) and the ageing is as follows:

	As at 30 September 2023 <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
0-30 days	201,302	237,281
31-60 days	24,104	40,471
61-90 days	1,719	1,183
91-120 days	1,207	1,063
Over 120 days	483	252
	<hr/>	<hr/>
	228,815	280,250
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The carrying amounts of trade payables and other payables approximate their fair values.

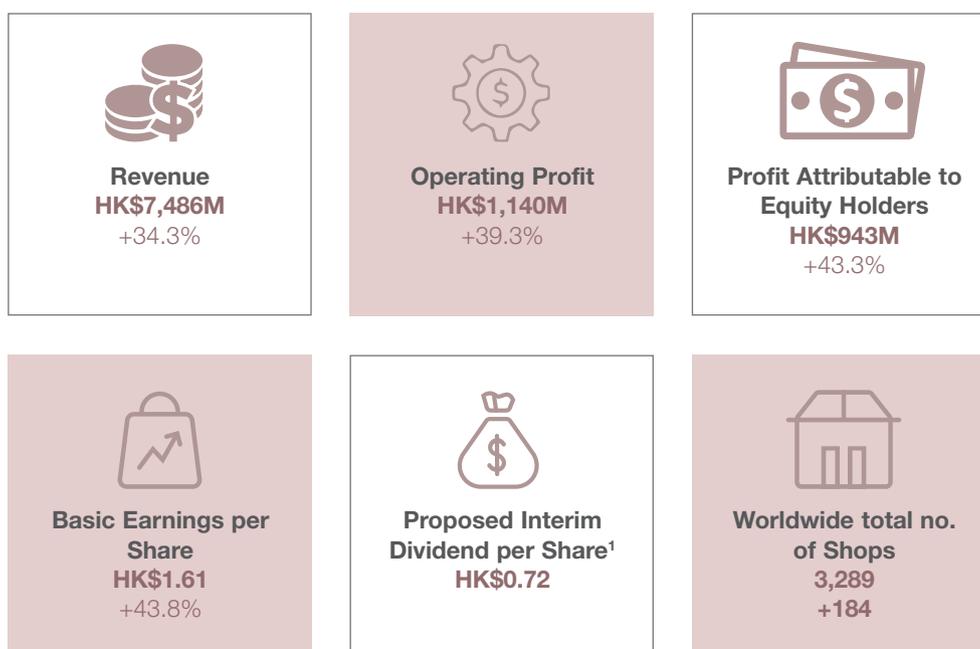
## 15 BANK BORROWINGS

	<b>As at 30 September 2023 <i>HK\$'000</i> (unaudited)</b>	<b>As at 31 March 2023 <i>HK\$'000</i> (audited)</b>
Bank borrowings, secured	<b><u>758,000</u></b>	<b><u>115,020</u></b>

As at 30 September 2023, bank borrowings of HK\$758,000,000 (As at 31 March 2023: HK\$115,020,000) were secured by land and building of HK\$294,816,000 (As at 31 March 2023: HK\$301,023,000), investment properties of HK\$68,457,000 (As at 31 March 2023: HK\$69,898,000) and corporate guarantees given by the subsidiaries, due for repayment within 1 month (As at 31 March 2023: within 1 month) and denominated in HK\$ (As at 31 March 2023: same). The interest rates of bank borrowings ranged from 4.19% to 5.80% (As at 31 March 2023: 3.54% to 3.81%) per annum.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL PERFORMANCE



<sup>1</sup> Dividend Payout Ratio: 45%

### Results

During the six months ended 30 September 2023 (the “Period under review”), the global market remained challenging against the backdrop of heightened geopolitical risks worldwide and the macroeconomic uncertainties. However, with the full reopening of borders amongst Hong Kong, Macau, and the Mainland, and the continuous improvement in retail sentiment in Hong Kong and Macau, the retailing business of the Group has returned to normalcy, driving the Group’s satisfactory double-digit growth in total revenue.

During the Period under review, the Group’s total revenue increased significantly by 34.3% to HK\$7,486,031,000 (2022: HK\$5,573,184,000). Due to the increase in the mix of the retailing business from prior year’s 69.5% to 80.5%, the overall gross margin of the Group rose by 1.7 p.p. to 27.8% (2022: 26.1%). As a result, the Group’s gross profit increased by 42.9% to HK\$2,081,444,000 (2022: HK\$1,456,237,000). On the other hand, although there were significant reductions in subsidies from the Hong Kong and the Mainland governments, the Group’s operating expenses to revenue ratio improved by 0.8 p.p. to 14.3% (2022: 15.1%). As a result, operating profit increased by 39.3% to HK\$1,140,331,000 (2022: HK\$818,463,000) and the operating profit margin improved to 15.2% (2022: 14.7%). Furthermore, the Group’s profit for the period increased significantly by 43.3% to HK\$942,631,000 (2022: HK\$657,598,000). The net margin increased by 0.8 p.p. to 12.6% (2022: 11.8%) and the profit attributable to equity holders increased by 43.3% to HK\$942,651,000 (2022: HK\$657,618,000), marking the second-highest interim performance in the Group’s history, second only to the performance of financial year of 2013/14 with gold rush. Accordingly, the basic earnings per share increased by 43.8% to HK\$1.61 (2022: HK\$1.12).

## Overview

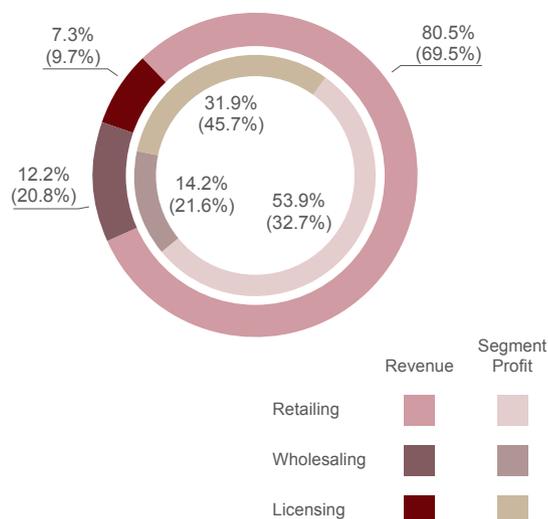
During the Period under review, the Group operated a total of 1 brand and 4 sub-brands/product lines under the multi-brand strategy. There was a net addition of 184 shops globally including a net of 130 “Lukfook” shops and a net of 54 shops of sub-brands/product lines in Mainland. Details are as follows:

### Global Distribution Network

Countries and Regions	30 September 2023	31 March 2023	Changes
<b>“Lukfook” Shops</b>			
<b>Self-operated Shops</b>			
• Mainland	67	69	-2
• Hong Kong	50	45	+5
• Macau	16	16	0
• Canada	2	2	0
• The United States	4	3	+1
• Australia	2	2	0
• Malaysia	2	2	0
Sub-total	143	139	+4
<b>Licensed Shops</b>			
• Mainland	2,916	2,793	+123
• The Philippines	3	2	+1
• Cambodia	3	3	0
• Laos	1	1	0
• Thailand	1	0	+1
• Australia	1	0	+1
Sub-total	2,925	2,799	+126
<b>Total</b>	<b>3,068</b>	<b>2,938</b>	<b>+130</b>
<b>Sub-brands/Product Lines in Mainland</b>			
<b>Self-operated Shops</b>			
• “Goldstyle”	1	1	0
• “Lukfook Joaillerie”	2	1	+1
• “Heirloom Fortune”	13	12	+1
Sub-total	16	14	+2
<b>Licensed Shops</b>			
• “Goldstyle”	61	72	-11
• “Lukfook Joaillerie”	24	12	+12
• “Heirloom Fortune”	108	69	+39
• “Love LUKFOOK JEWELLERY”	12	0	+12
Sub-total	205	153	+52
<b>Total</b>	<b>221</b>	<b>167</b>	<b>+54</b>
<b>Worldwide Total</b>	<b>3,289</b>	<b>3,105</b>	<b>+184</b>

As at 30 September 2023, the Group had a global network of 3,289 shops (2022: 2,966 shops), including 3,068 “Lukfook” shops (2022: 2,838 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 62 “Goldstyle” shops (2022: 80 shops), 26 “Lukfook Joaillerie” shops (2022: 7 shops), 121 “Heirloom Fortune” shops (2022: 41 shops) and 12 “Love LUKFOOK JEWELLERY” shops (2022: 0 shop) in Mainland.

### Revenue and Segment Profit by Business



HK\$M	Revenue	Segment Profit	Segment Profit Margin
Retailing	6,030	662	11.0%
<i>Y-o-Y Changes</i>	+55.7%	+137.0%	+3.8 p.p.
Wholesaling	911	174	19.1%
<i>Y-o-Y Changes</i>	-21.4%	-6.2%	+3.1 p.p.
<i>Adjusted Wholesaling</i>	2,314 <sup>1</sup>	174	7.5%
<i>Y-o-Y Changes</i>	+14.9%	-6.2%	-1.7 p.p.
Licensing	545	392	71.8%
<i>Y-o-Y Changes</i>	+0.5%	+0.1%	-0.3 p.p.
Overall	7,486	1,228	16.4%
<i>Y-o-Y Changes</i>	+34.3%	+43.4%	+1.0 p.p.

Remarks: Comparative figures for 1H FY2023 are shown in brackets

<sup>1</sup> Adjusted Wholesaling Revenue = Revenue of Wholesaling Business to External Parties  
+ Inter-Segment Wholesaling Revenue

During the Period under review, retailing business was the main source of revenue of the Group. 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, the Group's retailing revenue increased by 55.7% to HK\$6,029,948,000 (2022: HK\$3,871,756,000), accounting for 80.5% (2022: 69.5%) of the Group's total revenue. Its segment profit increased significantly by 137.0% to HK\$662,548,000 (2022: HK\$279,606,000), accounting for 53.9% (2022: 32.7%) of the total and its segment profit margin was 11.0% (2022: 7.2%).

In spite of the increase in the number of licensed shops, the Group's wholesaling revenue declined by 21.4% to HK\$910,558,000 (2022: HK\$1,158,626,000) due to the continued sluggish demand for diamond products in the Mainland, accounting for 12.2% (2022: 20.8%) of the Group's total revenue. Its segment profit decreased by 6.2% to HK\$173,871,000 (2022: HK\$185,419,000), accounting for 14.2% (2022: 21.6%) of the total, and its segment profit margin was 19.1% (2022: 16.0%). 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 7.5% (2022: 9.2%).

During the Period under review, the licensing income remained broadly flat at HK\$545,525,000 (2022: HK\$542,802,000), accounting for 7.3% (2022: 9.7%) of the Group's total revenue. Its segment profit margin was 71.8% (2022: 72.1%), while its segment profit remained flat at HK\$391,888,000 (2022: HK\$391,322,000), accounting for 31.9% (2022: 45.7%) of the total.

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



HK\$M	Sales	Gross Profit	Gross Margin
Gold & Platinum	4,861	926	19.1%
<i>Y-o-Y Changes</i>	+55.4%	+94.0%	+3.8 p.p.
Fixed Price Jewellery	2,080	747	35.9%
<i>Y-o-Y Changes</i>	+9.3%	+30.5%	+5.8 p.p.
Overall	6,941	1,673	24.1%
<i>Y-o-Y Changes</i>	+38.0%	+59.4%	+3.2 p.p.

Remarks: Comparative figures for 1H FY2023 are shown in brackets

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

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

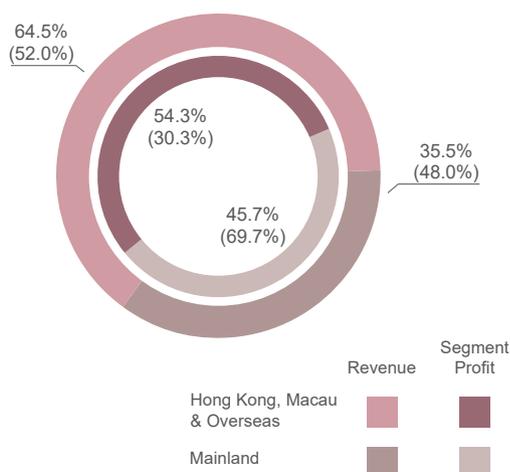
<sup>3</sup> Gold & Platinum refers to gold & platinum products sold by weight basing on international market price, i.e. at non-fixed price

During the Period under review, despite a yearly increase of 12% 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 55.4% to HK\$4,860,293,000 (2022: HK\$3,126,769,000), accounting for 70.0% (2022: 62.2%) 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 3.8 p.p. to 19.1% (2022: 15.3%) as a result of the increase in gold prices. Gross profit of gold and platinum products therefore increased significantly by 94.0% to HK\$926,146,000 (2022: HK\$477,328,000), accounting for 55.4% (2022: 45.5%) of the overall gross profit (consolidated gross profit of the Group minus gross profit of licensing income). On the other hand, the sales of fixed price jewellery products increased by 9.3% to HK\$2,080,213,000 (2022: HK\$1,903,613,000), accounting for 30.0% (2022: 37.8%) of the overall sales amount (Group revenue minus licensing income). Nevertheless, due to the increased mix of retailing revenue, which has higher gross margin than wholesaling, gross margin of fixed price jewellery products increased by 5.9 p.p. to 35.9% (2022: 30.0%). Its gross profit therefore increased by 30.5% to HK\$746,596,000 (2022: HK\$571,952,000), accounting for 44.6% (2022: 54.5%) of the overall gross profit (consolidated gross profit of the Group minus gross profit of licensing income).

The overall Same Store Sales<sup>4</sup> of the Group was +44.2% (2022: +19.0%). SSS for gold and platinum products was +43.9% (2022: +35.0%) and +45.1% (2022: -14.4%) for fixed price jewellery products.

## BUSINESS REVIEW

### Revenue and Segment Profit by Market

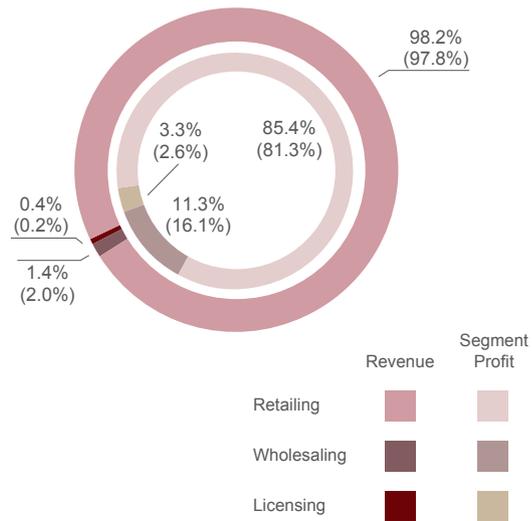


HK\$M	Revenue	Segment Profit	Segment Profit Margin
Hong Kong, Macau & Overseas	4,830	667	13.8%
<i>Y-o-Y Changes</i>	+66.6%	+156.9%	+4.9 p.p.
Mainland	2,656	561	21.1%
<i>Y-o-Y Changes</i>	-0.7%	-5.9%	-1.2 p.p.
Overall	7,486	1,228	16.4%
<i>Y-o-Y Changes</i>	+34.3%	+43.4%	+1.0 p.p.

Remarks: Comparative figures for 1H FY2023 are shown in brackets

<sup>4</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 and Mainland China’s e-commerce business.

## Hong Kong, Macau and Overseas



HK\$M	Revenue	Segment Profit	Segment Profit Margin
Retailing	4,744	569	12.0%
<i>Y-o-Y Changes</i>	+67.4%	+169.7%	+4.5 p.p.
Wholesaling	65	76	115.7%
<i>Y-o-Y Changes</i>	+10.3%	+80.5%	+45.0 p.p.
<i>Adjusted Wholesaling</i>	1,409 <sup>1</sup>	76	5.4%
<i>Y-o-Y Changes</i>	+62.5%	+80.5%	+0.6 p.p.
Licensing	21	22	103.5%
<i>Y-o-Y Changes</i>	+251.2%	+233.2%	-5.6 p.p.
Overall	4,830	667	13.8%
<i>Y-o-Y Changes</i>	+66.6%	+156.9%	+4.8 p.p.

Remarks: Comparative figures for 1H FY2023 are shown in brackets

<sup>1</sup> 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 October 2023, Mainland visitors from January to September 2023 surged nearly 92 times year-on-year to approximately 18.7 million. In respect of tourist spending, according to the retail sales value released by the Census and Statistics Department of Hong Kong in November 2023, the sales value of jewellery, watches and clocks, and valuable gifts from January to September 2023 increased by 57.5% over the corresponding period last year. The Group's retailing revenue in the Hong Kong market increased substantially by 57.4% to HK\$3,103,413,000 (2022: HK\$1,971,884,000) during the Period under review, which resumed to pre-pandemic level in terms of SSS. As at 30 September 2023, the Group operated a total of 50 self-operated shops (2022: 44 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, the number of Mainland visitor arrivals to Macau from January to September 2023 increased by 67.1% to approximately 1.3 million year-on-year. Thanks to the return of tourists and low base effect, the Group's revenue generated from the Macau market surged by 142.3% to HK\$1,349,753,000 (2022: HK\$556,995,000) during the Period under review and exceeded pre-pandemic level by double-digit. As at 30 September 2023, the Group had a total of 16 self-operated shops (2022: 16 shops) in Macau.

### ***Overseas***

During the Period under review, the Group actively expanded into overseas markets. As at 30 September 2023, the Group operated a total of 19 overseas shops (2022: 13 shops), including self-operated shops of 2 in Malaysia, 4 in the United States, 2 in Canada and 2 in Australia, and 1 licensed shop in each of Laos, Thailand and Australia, and 3 licensed shops in each of Cambodia and the Philippines.

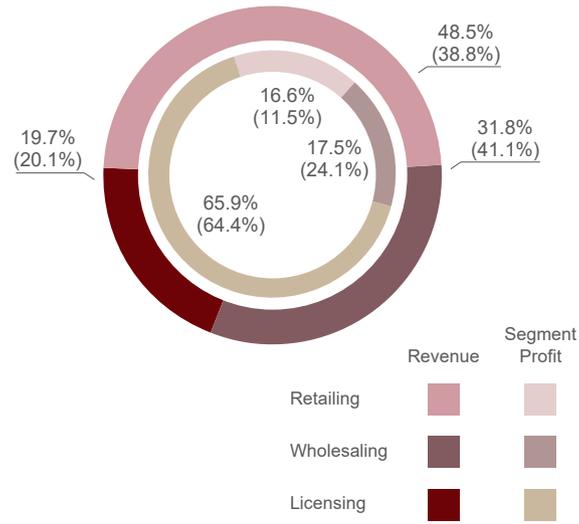
During the Period under review, retailing revenue from the Hong Kong, Macau and overseas markets increased by 67.4% to HK\$4,743,587,000 (2022: HK\$2,833,228,000), accounting for 98.2% (2022: 97.8%) of these markets' total revenue and 63.4% (2022: 50.8%) of the Group's total. Its segment profit increased by 169.7% to HK\$569,523,000 (2022: HK\$211,184,000), which accounted for 85.4% (2022: 81.3%) of these markets' total and 46.3% (2022: 24.7%) of the Group's total. Its segment profit margin was 12.0% (2022: 7.5%).

In addition, given the increase in sales to corporate clients, the wholesaling revenue increased by 10.3% to HK\$65,316,000 (2022: HK\$59,198,000), accounting for 1.4% (2022: 2.0%) of the Hong Kong, Macau and overseas markets' total revenue and 0.9% (2022: 1.1%) of the Group's total. Its segment profit increased by 80.5% to HK\$75,544,000 (2022: HK\$41,854,000), accounting for 11.3% (2022: 16.1%) of these markets' total and 6.2% (2022: 4.9%) of the Group's total, while its segment profit margin was 115.7% (2022: 70.7%). 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 5.4% (2022: 4.8%). On the other hand, due to the addition of 4 overseas licensed shops during the Period, Hong Kong licensing income increased by 251.2% to HK\$21,303,000 (2022: HK\$6,066,000), accounting for 0.4% (2022: 0.2%) of these markets' total revenue and 0.3% (2022: 0.1%) of the Group's total revenue. Its segment profit increased by 233.2% to HK\$22,046,000 (2022: HK\$6,617,000), accounting for 3.3% (2022: 2.6%) of these markets' total and 1.8% (2022: 0.7%) of the Group's total, and its segment profit margin was 103.5% (2022: 109.1%).

Overall speaking, revenue from the Hong Kong, Macau and overseas markets increased by 66.6% to HK\$4,830,206,000 (2022: HK\$2,898,492,000) during the Period under review, accounting for 64.5% (2022: 52.0%) of the Group's total revenue. Its segment profit increased by 156.9% to HK\$667,113,000 (2022: HK\$259,655,000), accounting for 54.3% (2022: 30.3%) of the Group's total, while its segment profit margin was 13.8% (2022: 9.0%).

The overall SSS in the Hong Kong, Macau and overseas markets was +49.3% (2022: +26.1%), while their SSS for gold and platinum products was +49.1% (2022: +46.0%) and +50.0% (2022: -12.2%) for fixed price jewellery products.

## Mainland



HK\$M	Revenue	Segment Profit	Segment Profit Margin
Retailing	1,286	93	7.2%
<i>Y-o-Y Changes</i>	+23.9%	+36.0%	+0.6 p.p.
Wholesaling	846	98	11.6%
<i>Y-o-Y Changes</i>	-23.1%	-31.5%	-1.5 p.p.
<i>Adjusted Wholesaling</i>	905 <sup>1</sup>	98	10.9%
<i>Y-o-Y Changes</i>	-21.2%	-31.5%	-1.6 p.p.
Licensing	524	370	70.6%
<i>Y-o-Y Changes</i>	-2.3%	-3.9%	-1.1 p.p.
Overall	2,656	561	21.1%
<i>Y-o-Y Changes</i>	-0.7%	-5.9%	-1.2 p.p.

Remarks: Comparative figures for 1H FY2023 are shown in brackets

<sup>1</sup> 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 by 23.9% to HK\$1,286,361,000 (2022: HK\$1,038,528,000), accounting for 48.5% (2022: 38.8%) of Mainland market's revenue and 17.2% (2022: 18.7%) of the Group's total. Its segment profit increased by 36.0% to HK\$93,025,000 (2022: HK\$68,421,000), accounting for 16.6% (2022: 11.5%) of Mainland markets' total and 7.6% (2022: 8.0%) of the Group's total. Its segment profit margin was 7.2% (2022: 6.6%). The overall SSS in Mainland improved from -15.7% last year to -3.9%. The SSS for its gold and platinum products was -1.8% (2022: -11.9%) and -12.8% (2022: -28.2%) 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 diamond sales, decreased by 23.1% to HK\$845,242,000 (2022: HK\$1,099,428,000), which accounted for 31.8% (2022: 41.1%) of Mainland market's revenue and 11.3% (2022: 19.7%) of the Group's total. Its segment profit decreased by 31.5% to HK\$98,327,000 (2022: HK\$143,565,000), accounting for 17.5% (2022: 24.1%) of Mainland market's total and 8.0% (2022: 16.8%) of the Group's total. Its segment profit margin was 11.6% (2022: 13.1%). 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 10.9% (2022: 12.5%).

Licensing income in the Mainland market decreased marginally by 2.3% to HK\$524,222,000 (2022: HK\$536,736,000), which accounted for 19.7% (2022: 20.1%) of Mainland market's revenue and 7.0% (2022: 9.6%) of the Group's total. Its segment profit decreased by 3.9% to HK\$369,842,000 (2022: HK\$384,705,000), accounting for 65.9% (2022: 64.4%) of Mainland market's total and 30.1% (2022: 44.9%) of the Group's total, and its segment profit margin was 70.6% (2022: 71.7%).

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 collections 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.

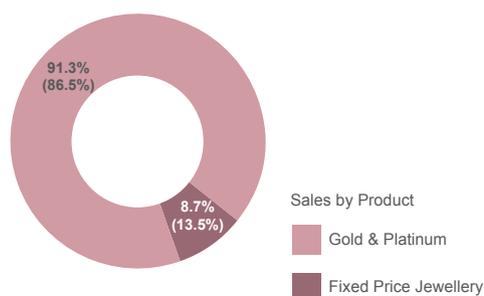
During the Period under review, the Group operated a total of 62 "Goldstyle" shops (2022: 80 shops), 26 "Lukfook Joaillerie" shops (2022: 7 shops), 121 "Heirloom Fortune" shops (2022: 41 shops) and 12 "Love LUKFOOK JEWELLERY" shops (2022: 0 shop) in Mainland. Apart from that, the Group added a net total of 123 "Lukfook" licensed shops (2022: net addition of 121 shops), while the number of "Lukfook" self-operated shops decreased by 2 shops (2022: net reduction of 2 shops). Details are as follows:

## ***Mainland Distribution Network***

Shop number of different brands/product lines		30 September 2023	31 March 2023	Changes
"Lukfook"	Self-operated	67	69	-2
	Licensed	2,916	2,793	+123
	Sub-total	2,983	2,862	+121
"Goldstyle"	Self-operated	1	1	0
	Licensed	61	72	-11
	Sub-total	62	73	-11
"Lukfook Joaillerie"	Self-operated	2	1	+1
	Licensed	24	12	+12
	Sub-total	26	13	+13
"Heirloom Fortune"	Self-operated	13	12	+1
	Licensed	108	69	+39
	Sub-total	121	81	+40
"Love LUKFOOK JEWELLERY"	Licensed	12	0	+12
Total	Self-operated	83	83	0
	Licensed	3,121	2,946	+175
	<b>Total</b>	<b>3,204</b>	<b>3,029</b>	<b>+175</b>

During the Period under review, the overall same store sales growth of “Lukfook” licensed shops in Mainland was -1.6% (2022: -8.5%). The same store sales growth for their gold and platinum products and fixed price jewellery products were +2.3% (2022: -3.5%) and -12.2% (2022: -19.7%) respectively.

**1H FY2024**  
**Mainland E-commerce Business Performance**



<b>Revenue</b>	
HK\$873 Million	+33.1% Y-o-Y Changes  FY2024 Revenue Growth Target: +10%
<b>Average Selling Price<sup>1</sup></b>	
RMB1,700	+6.3% Y-o-Y Changes
<b>Contribution to Mainland Retailing Revenue<sup>2</sup></b>	
67.9%	(1H FY2023: 63.2%)
<b>Contribution to Group's Retailing Revenue<sup>2</sup></b>	
14.5%	(1H FY2023: 16.9%)

Remarks: Figures for 1H FY2023 are shown in brackets

<sup>1</sup> ASP included value-added tax (VAT)

<sup>2</sup> Sales of self-operated shops and e-commerce business

During the Period under review, revenue of e-commerce business from Mainland significantly exceeded the original growth target of 10% for this financial year. It experienced a remarkable increase of 33.1% to HK\$872,945,000 (2022: HK\$656,054,000), accounting for 67.9% (2022: 63.2%) of the retailing revenue in Mainland and 14.5% (2022: 16.9%) of the Group's retailing revenue. Sales of gold and platinum products accounted for 91.3% (2022: 86.5%) of its sales mix and 8.7% (2022: 13.5%) for its fixed price jewellery products.

Overall speaking, revenue from the Mainland market remained broadly flat at HK\$2,655,825,000 (2022: HK\$2,674,692,000), accounting for 35.5% (2022: 48.0%) of the Group's total revenue. Its segment profit decreased by 5.9% to HK\$561,194,000 (2022: HK\$596,691,000), accounting for 45.7% (2022: 69.7%) of the total, and its segment profit margin was 21.1% (2022: 22.3%).

### Financial Impact in relation to Investments and Operating Activities in HKRH# & Its Subsidiaries

Gain/(Loss)			
HK\$M	1H FY2024	1H FY2023	Y-o-Y Changes
50% share of loss of associate	–	(23.0)	23.0
Wholesales gross profit	0.6	1.0	(0.4)
Fair value loss on provision for a financial guarantee contract	(32.0)	–	(32.0)
Interest income on loan	0.3	–	0.3
<b>Total</b>	<b>(31.1)</b>	<b>(22.0)</b>	<b>(9.1)</b>

During the Period under review, the total losses in relation to the investments and operating activities in HKRH and its subsidiaries increased to HK\$31,100,000 (2022: loss of HK\$22,000,000) due to their unsatisfactory operating results.

# HKRH represents Hong Kong Resources Holdings Company Limited (Stock Code: 2882) which conducts jewellery retail and franchise businesses under the brand name of "3D-GOLD" in Hong Kong and Mainland.

## FINANCIAL REVIEW

### Non-HKFRS Financial Measure

To supplement the consolidated interim 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 Company's management 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 these non-HKFRS financial measures 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 30 September 2023, the Group's cash and bank balances amounted to HK\$2,254,000,000 (31 March 2023: HK\$2,348,000,000). Net cash was HK\$1,101,000,000 (31 March 2023: HK\$1,808,000,000). The debt-to-equity ratio was 28.3% (31 March 2023: 22.2%), being the ratio of total liabilities of HK\$3,529,000,000 (31 March 2023: HK\$2,708,000,000) against total shareholders' equity of HK\$12,451,000,000 (31 March 2023: HK\$12,221,000,000). As at 30 September 2023, the Group's banking facilities amounted to approximately HK\$4.18 billion (31 March 2023: HK\$4.09 billion), of which HK\$1.15 billion (31 March 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	
	1H FY2024	Y-o-Y Changes	1H FY2024	Y-o-Y Changes
Gold	190	-43	200	-22
Fixed Price Jewellery	685	-12	695	+15
<b>Overall</b>	<b>318</b>	<b>-72</b>	<b>328</b>	<b>-50</b>

As at 30 September 2023, the Group's inventory increased by 6.6% to HK\$9,438,000,000 (31 March 2023: HK\$8,853,000,000). Benefitted from the outstanding performance of gold sales, the average inventory turnover days of gold products reduced to 190 days (2022: 233 days). The average inventory turnover days of fixed price jewellery products decreased to 685 days (2022: 697 days) because of the recovery of retailing business in Hong Kong and Macau. The overall average inventory turnover days therefore decreased to 318 days (2022: 390 days).

## Capital Expenditure

During the Period under review, the Group's capital expenditures amounted to HK\$626,000,000 (31 March 2023: HK\$107,000,000), including the costs of properties, leasehold lands, right-of-use assets, leasehold improvements, furniture, fixtures and equipment.

## Capital Commitments

As at 30 September 2023, the Group's total capital commitments amounted to HK\$15,000,000 (31 March 2023: HK\$23,000,000).

On 30 July 2023, the Group announced that Luk Fook 3D Investment Holding Company Limited, a wholly owned subsidiary of the Group, entered into sale and purchase agreements with various vendors to conditionally acquire approximately, in aggregate, 50.49% issued shares of HKRH and convertible bonds issued by HKRH for a total consideration of approximately HK\$186,310,000. As at 30 September 2023 and up to the date of this announcement, not all conditions stipulated in the sale and purchase agreements are met, and such acquisition is still in progress.

Subject to completion of the aforementioned sale and purchase agreements, the Group will make unconditional mandatory share offers and option offers to all the remaining HKRH shareholders and all HKRH option holders, respectively, pursuant to the relevant requirements of the Takeovers Code.

### **Contingent Liabilities and Guarantee**

As at 30 September 2023, the Group had corporate financial guarantee amounting to HK\$1,075,000,000 (31 March 2023: approximately HK\$1,075,000,000) to banks in respect of 50% of the aggregated amount of banking facilities granted to an associate. As at 30 September 2023, the banking facilities utilised by the associate were HK\$1,725,000,000 (31 March 2023: HK\$1,644,000,000).

As at 30 September 2023, a loss allowance amounted to HK\$69,000,000 estimated under the expected credit loss model in respect of such corporate financial guarantee of the Group was recognised (31 March 2023: HK\$37,000,000).

As at 30 September 2023 and 2022, save as disclosed above, the Group had no significant contingent liabilities.

### **Human Capital Policy**

As at 30 September 2023, the number of employees of the Group was approximately 6,200 (2022: 5,900). 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.

### **BRANDING**

In order to consistently align with the branding theme of "Love is Beauty", the Group has built a welcoming and warm-hearted brand image to strengthen customers' emotional attachment to the brand, and has strived to become a globally recognised jewellery brand through outstanding marketing campaigns and excellent customer service programmes. Targeting the mid- to high-end markets, the Group has adopted comprehensive marketing strategies, and launched diversified product offerings with exquisite designs, together with meticulous services to seize the development opportunities in the middle-class, wedding and Generation Z markets.

As the society is in the process of full resumption to normalcy, the Group restarted various offline activities around the world in the first half of the financial year to further showcase “Love is Beauty” worldwide through immersive and engaging interactions. The “Sweet Love Roadshows” of Lukfook Jewellery kicked off across the Mainland on 20 May 2023. We transformed the Han Street, Wuhan, the first stop of the roadshows, into a romantic flower road, and invited the celebrity couple Mr. Yuan Hong and Ms. Zhang Xinyi to be our “Sweet Love Ambassadors”, who showed up at the “Sweet Love Campaign” to share the romantic joy. In addition, we also invited popular actress Ms. Fiona Sit to attend the roadshow in Xiamen to reveal the sparkling beauty of Lukfook’s jewellery. The Group also participated in the “3rd China International Consumer Products Expo”, the largest consumer products exhibition in the Asia-Pacific region. We launched the brand new “DiaPure x Pt” collection of diamond jewellery in cooperation with the Platinum Guild International at exhibition, leveraging on the glasses-free 3D BLINGING BOX to present the stunning visual impact of diamond ring popping out of the screen to the audience on-site. As the retail sentiment in Hong Kong and Macau showed sustained recovery after the reopening of borders amongst Hong Kong and Macau and the Mainland, the Group sped up its expansion by opening more new shops in tourist areas in Hong Kong. We invited famous actor Mr. Kenneth Ma and his fiancée, Ms. Roxanne Tong, to officiate at the ribbon-cutting ceremony for the grand opening of our new image shop in Silvercord, Tsim Sha Tsui, Hong Kong, and showcased the enchanting beauty of different styles of wedding jewellery. At the same time, Lukfook has been actively expanding its footprint in the overseas markets. The Group opened a new shop in Milpitas Ulferts Center, California, the United States, and invited famous actress Ms. Linda Chung to witness the momentous occasion of Lukfook at the opening ceremony. In order to promote the essence of splendid oriental aesthetics and traditional culture, the Group also rolled out the “Perfection” Heirloom Fortune roadshows to showcase traditional Chinese culture and spread the spirit of family heirloom with ancient craftsmanship.

To seize the opportunities brought by Generation Z, we invited Neo Hou, a new generation actor in the Mainland, to be our “Share Love and Fun Anniversary Ambassador” during our anniversary promotions, injecting new elements of vitality into the brand. Meanwhile, Lukfook Jewellery collaborated with the animation “The Land of Warriors”, which has topped the Xinhua Cultural Industry Value Comprehensive Ranking List for two consecutive years, and launched the “Xiao Wu’s Forest Dream” gold gift box, with an aim to attract younger generation of consumers. Lukfook Jewellery also introduced gold jewellery series inspired by the “dopamine” colours to redefine the image of gold. Besides, riding on the wave of e-sports booms in recent years, the Group has created the “King Pro League” champion rings for 15 consecutive seasons, striving to increase our brand penetration into the market of younger generation.

The Group’s full efforts in enhancing brand value and influence have been recognised with numerous awards from the industry and market for its outstanding achievements in branding, corporate governance, customer service, community welfare and environmental protection.

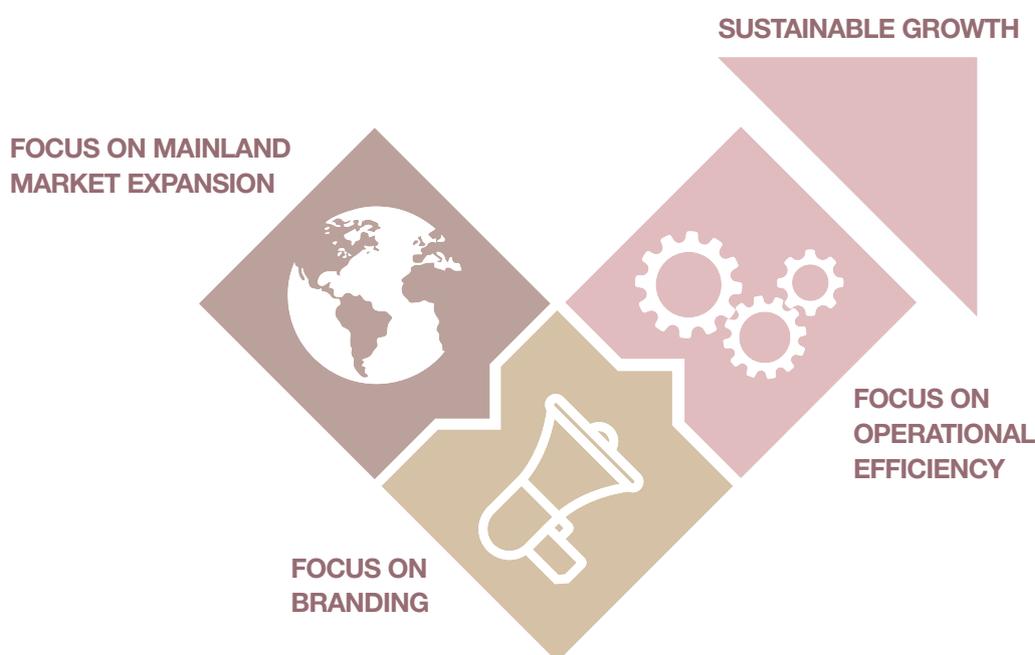
## OUTLOOK

During the Period under review, despite the relatively high base effect in the second quarter, the overall SSS of the Group maintained double-digit growth, in which SSS in Hong Kong and Macau much improved due to the higher visitor traffic after the reopening of borders amongst Hong Kong, Macau and the Mainland. On the other hand, notwithstanding the lackluster macroeconomic conditions and a decline in SSS in the Mainland market, the robust growth of e-commerce business of the Group helped offset its negative SSS growth.

The consumer spending momentum in the Hong Kong and Macau market has remained strong following the Period under review. Thanks to the low base effect, there was over 50% growth in SSS during October and the first three weeks of November 2023. On the other hand, the Mainland market (including both self-operated and licensed shops) was nearly flat with double-digit growth recorded in the first three weeks of November alone.

Since the demand for diamond products remain subdued in the Mainland, the Group will continue to actively promote non-diamond fixed price jewellery products, especially fixed price gold products, in order to enhance the performance of fixed price jewellery products. Moreover, the Group is optimistic about the immense growth potential in the overseas markets and intends to proactively allocate more resources to expand its footprint across the world. With the continuous improvement in the tourism industry and macroeconomic conditions, a strong growth momentum is expected to maintain in the Hong Kong and Macau market. Coupled with the low base effect in the third quarter in this financial year and anticipated benefits from operating leverage, the Group is looking forward to exceeding pre-pandemic performance and strive to a new height.

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



## **Mainland Market Expansion**

The annual target for net addition of “Lukfook” shops in Mainland is 300 shops, mainly focusing on opening licensed shops in fourth and fifth-tier cities. As for the development of new brands, the Group aims to achieve a net addition of 50 shops in the Mainland, mainly licensed shops. In addition, the Group will continue to develop its e-commerce business by strengthening cooperation with various e-commerce platforms in the Mainland and at the same time will also optimise its own e-commerce platform, aiming to sustain the growth in e-commerce revenue. The sales growth of e-commerce business is expected to exceed the original target growth of 10% for this financial year significantly. 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**

The Group continuously strengthens its brand image and positioning. Additionally, it enhances product quality assurance, improves service quality, optimises support for licensees and adopts a multi-brand/line strategy to meet 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, in order to appeal to the younger generation. The Group will persist in penetrating and targeting the middle-class, wedding, and Generation Z markets while seizing development opportunities. As society gradually returns to normalcy, the Group has resumed offline activities worldwide. 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.

## **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.

## SUSTAINABILITY

Effective sustainability governance is one of the key factors in driving the long-term success of the Group. Therefore, we continuously optimise our Environmental, Social and Governance (ESG) management systems, commit to integrating ESG principles into our corporate planning and operational decision-making process. During the Period under review, the Group signed “ESG Pledge” Scheme organised by the Chinese Manufacturers’ Association of Hong Kong, demonstrating our commitment to action taking. Besides, we were honoured to have received a number of ESG related awards as a testament of our contribution to the society during the Period under review. In terms of product and service quality, the Group has been awarded the “Hong Kong Service Awards” for the 16th consecutive year and recognised as “Consumer Caring Company” for the 11th consecutive year. The Group has also been ranked as one of the top five brands in terms of brand value and brand strength in the gold jewellery retail industry for the year 2022 by the panel of experts at the inaugural “2023 China Shenzhen Jewellery Brand Development Conference”. Moreover, Lukfook Jewellery has been honoured again with the “Outstanding Jewellery Retail Service Award” in “01 Gold Medal Awards” and ranked among “Top 10 Gold Jewellery Brands in 2023”, clearly demonstrating its brand leadership position in the gold jewellery retail industry. In terms of environmental protection, the Group received recognition again in “BOCHK Corporate Low-Carbon Environmental Leadership Awards” under both “Services” and “Manufacturing” sectors. On the other hand, in terms of corporate governance and citizenship, the Group has been accredited as a “Happy Company” under the “Happiness at Work” promotional scheme for the 10th consecutive year, and recognised as “QF Star” under the “Qualifications Framework Partners” Scheme of the Education Bureau of the Hong Kong Special Administrative Region.

During the Period under review, the Group opened a new eco-concept shop in The Wai, a brand new shopping mall which sets to become a new landmark in Tai Wai, Hong Kong with green elements in its design. In line with the shop’s eco-friendly theme, the Group has partnered with Friends of the Earth (Hong Kong) Charity Ltd. in launching the “Carbon Reduction in Green Forests” programme, in order to support sustainable development of greening efforts in Hong Kong.

In addition, the Group has signed its first sustainability linked loan of HK\$26 million with DBS Bank (Hong Kong) Limited. The loan included revolving credit facilities with interest rate linked to the Group’s sustainability performance against the agreed set of KPIs. The Group targets to reduce its total energy consumption intensity and greenhouse gas emissions intensity through environmentally friendly practices across our operations and production activities. This sustainability-linked loan marks an important milestone in the Group’s sustainable development and affirms our continued efforts in environmental, social and governance issues.

The Group also recognises the importance of environmental protection and climate change and the awareness of environmental protection among stakeholders, including consumers, and thus the Group will set up a long-term goal of carbon neutrality to enhance the Group’s contribution to environmental protection.

## **INTERIM DIVIDEND**

With the strong financial position, the Board has resolved to declare an interim dividend of HK\$0.72 per ordinary share (2022: HK\$0.55 per ordinary share) for the six months ended 30 September 2023, to shareholders whose names appear on the register of members of the Company on 14 December 2023. The interim dividends will be paid on or around 29 December 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company for the interim dividend will be closed on 14 December 2023 and no transfer of shares will be registered on that day. In order to qualify for the interim 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 Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 13 December 2023.

## **CORPORATE GOVERNANCE**

The Board and the 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. The Company has applied 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 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 September 2023, except for the following deviation:

Code Provision C.2.1 of the Corporate Governance Code as contained in 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.

In view of the Group's business 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. The Board will nevertheless review this structure from time to time and will consider segregation of the two roles if and when appropriate.

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

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “Model Code”) as a code of conduct regarding directors’ securities transactions. Having made specific enquiry of all directors, it is 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 Period 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 Period under review.

## **REVIEW OF INTERIM FINANCIAL INFORMATION**

The Audit Committee of the Company has reviewed the unaudited condensed consolidated interim financial information of the Company for the six-month period ended 30 September 2023. PricewaterhouseCoopers as the Company’s auditor has reviewed the unaudited condensed consolidated interim financial information of the Group for the Period in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The report on review of interim financial information will be included in the interim report.

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

This interim 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 ([lukfook.com](http://lukfook.com)). The Interim 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 sincere 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.

By Order of the Board  
**Luk Fook Holdings (International) Limited**  
**WONG Wai Sheung**  
*Chairman and Chief Executive Officer*

Hong Kong, 29 November 2023

*As at the date of this announcement, the Company's Executive Directors are Mr. WONG Wai Sheung (Chairman and Chief Executive Officer), Ms. WONG Hau Yeung, Ms. WONG Lan Sze, Nancy and Dr. CHAN So Kuen; the Non-executive Directors are Mr. WONG Ho Lung, Danny (Deputy Chairman), 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.*