



king fook holdings limited
景福集團有限公司

2024

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2024

INTERIM REPORT

STOCK CODE : 280

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The Board of Directors (the “Board”) of King Fook Holdings Limited (the “Company”) presents this report together with the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2024 (the “Period”). The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the Period, and the condensed consolidated statement of financial position as at 30 September 2024 of the Group, all of which are unaudited, along with selected explanatory notes, are set out on pages 14 to 52 of this report.

INTERIM DIVIDEND

The Board of the Company has resolved the payment of an interim dividend of HK0.4 cent (for the six months ended 30 September 2023: HK0.4 cent) per ordinary share for the Period to shareholders whose names appear on the register of members of the Company on Monday, 9 December 2024. The interim dividend will be paid on Wednesday, 18 December 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Monday, 9 December 2024, during which day no transfer of shares will be effected.

All transfers, accompanied by the relevant share certificates, must be lodged with the Company’s share registrars, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 6 December 2024 in order to qualify for the interim dividend above mentioned.

Management Commentary (Continued)

MANAGEMENT DISCUSSION AND ANALYSIS

Group Results Overview

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

For the Period, the Group recorded total revenue of HK\$387.3 million, representing an increase of HK\$23.4 million or 6.4% from HK\$363.9 million for the last corresponding period. The Group recorded an unaudited consolidated profit attributable to owners of the Company of HK\$37.0 million for the Period as compared to an attributable consolidated profit of HK\$43.7 million for the same period last year.

Business Review

The revenue of the Group's retailing business for the Period increased by HK\$25.2 million or 7.0% to HK\$387.2 million from HK\$362.0 million for the same period last year. For the Period, the sluggish economic environment in Hong Kong and Mainland China, interest rate hikes, ongoing geopolitical tensions, change of spending pattern of PRC visitors and HK local citizens continued. The consumer sentiment, especially for the luxury segments, had been adversely affected. With the opening of our new jewellery store in Central Building in December 2023, which focuses on introducing Stenzhorn — a famous European high jewellery brand, our total jewellery sales had a mid-single digit growth for the Period when compared with the same period last year. For the watch business, although our watch store in Pacific Place was closed in March 2024, our total watch sales still had a mid-single digit growth. This was achieved through our loyal customers base and long term trusted partnership with our major high end watch suppliers. With the support of our suppliers and customers, we achieved 8.6% growth in our same store sales for the Period under this challenging business environment. However, our gold ornament business was severely affected by the high gold prices starting from March 2024. On the other hand, the consistently record-breaking gold prices during the Period stimulated investments in gold bullion, which helped our gold bullion sales significantly. As growth in gold bullion sales out-weighted the decline in gold ornament sales, there was a low double digit growth in our gold business.

Management Commentary (Continued)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

Our gross profit margin increased from 30.4% to 31.9% in this Period, which was mainly due to our tightening of discount control in the watch segment, especially for hot models of some famous major brands. With both increase in revenue and gross profit margin, our gross profit recorded an increase of HK\$12.8 million for the Period or 11.6% when compared with the same period last year. Our distribution and selling costs increased by HK\$6.9 million for the Period. Half of the increase was caused by our investment in marketing which was an one-time costs and the others were due to increase in staff cost and relocation of our shop in Harbour City, Tsimshatsui. Our administrative expenses for the Period were similar to those in same period last year.

The Group's net profit for the Period decreased by HK\$6.7 million or -15.3% when compared with the last corresponding period, which was mainly caused by an unrealized non-cash fair value loss on gold loan of HK\$10.4 million while there was a fair value gain on gold loan and bullion contract of HK\$5.2 million for the same period last year. The Group used gold loan to hedge against gold price fluctuations in our 24 karat gold inventory in order to maintain a steady 24 karat gold margin. However, according to the Hong Kong accounting standards, the outstanding gold loan was required to mark to market value while our 24 karat gold inventory was required to be valued at lower of historical cost or market value. Thus, in the period of gold price going upwards, the gain in inventory value (valued at historical cost) was less than the loss in fair value of gold loan (valued at market price), causing an unrealized non-cash item affecting our net profit for the Period. On the other hand, when gold price is going downwards, like in the same period last year, the loss in inventory value (valued at market price) was totally offset by the gain in gold loan (valued at market price), causing an unrealized gain non-cash item. Nevertheless, the unrealized gain or loss due to gold price fluctuations is temporarily and would be offset with the revaluation of our 24 karat gold inventory in the long run.

Management Commentary (Continued)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Outlook

The Group anticipates that geopolitical tensions, high gold prices and macro-economic uncertainty will continue to affect consumer sentiment and these adverse factors are not expected to abate in the short run. However, the Mainland China government has announced a series of policies to support the property and capital markets at the end of September and early October 2024. We can see that the Mainland China government is determined to boost domestic demand and stabilize the property and capital markets. Moreover, the US government lowered the interest rate by 50 basis points in September 2024 and 25 basis points in early November 2024. The above measures would improve the macro-economic environment and consumer sentiment. We expect the luxury market would regain its growth in a gradual pace in the mid to long run.

In past months, the record high gold price adversely affected the demand for gold ornament. However, when the peak season of wedding events is approaching, we expect that the demand for gold ornament will resume to normal levels after consumers adapt to the high gold price. We are confident in the gold business and will continue to invest in designing and producing gold products for daily wear and unique gold ornament with traditional motifs, jewellery and decorative products to suit the demand and taste of our customers.

In August 2024, our shop in Harbour City, Tsimshatsui has been relocated from Gateway Arcade to the jewellery area of the shopping mall in Ocean Terminal. Along with the relocation, we introduced the “Gold for diamond” product line, a fixed price gold product, to our customers in Harbour City. Subsequently the product line has been introduced to all shops. Apart from stylish gold products, we will continue to promote our colour stone jewellery to suit the needs of different customers. In future, we will keep on developing products to suit the changing tastes and needs of the market and widen the customer base of our jewellery business.

Management Commentary (Continued)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Outlook (Continued)

Furthermore, the Group will continue to invest in staff development, brand building, digital marketing, social media and creative product designs to better serve our existing and potential customers.

Financial Review

Liquidity and Financial Resources

As at 30 September 2024, the Group's current assets and current liabilities were approximately HK\$861.1 million and HK\$170.1 million respectively. There were cash and cash equivalents and time deposits of approximately HK\$192.9 million and HK\$221.1 million respectively, gold loan of approximately HK\$68.5 million, and no bank loan as at that date.

Based on the total borrowings of the Group of approximately HK\$68.5 million and the equity attributable to owners of the Company of approximately HK\$771.3 million as at 30 September 2024, the overall borrowings to equity ratio was 8.9%, which was at a healthy level.

Exposure to Fluctuation in Foreign Exchange Rates

The Group reviews its foreign currency exposure regularly and does not consider its foreign currency risk to be significant. No financial instrument had been used for hedging during the Period.

Charge on Assets

As at 30 September 2024, there was no charge on the Group's assets.

Management Commentary (Continued)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial Review (Continued)

Capital Expenditure

During the Period, the Group had incurred capital expenditures of approximately HK\$4.6 million, including the costs of leasehold improvements, furniture and equipment.

Capital Commitment and Contingent Liabilities

As at 30 September 2024, there was no capital commitment and no contingent liabilities or off-balance sheet obligation.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 September 2024, the Group had about 139 employees. The employees (including directors) are remunerated according to the nature of their jobs, experience and contribution to the Group. The Group has an incentive bonus scheme to reward employees based on their performance. We also provide training programs to employees to improve the standard of customer services and for their further advancement.

Management Commentary (Continued)

DISCLOSURE OF INTERESTS

As at 30 September 2024, the interests of the directors of the Company in the share capital of the Company as recorded in the register maintained by the Company under section 352 of the Securities and Futures Ordinance (the “SFO”) or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) were as follows:

Name of directors	Number of ordinary shares held			Percentage of shareholding
	<i>Personal</i>	<i>Corporate</i>	<i>Total</i>	
Mr. Tang Yat Sun, Richard	7,528,500	Nil	7,528,500	0.83%
Mr. Ho Hau Hay, Hamilton	Nil	*6,657,000	6,657,000	0.73%
Dr. Fung Yuk Bun, Patrick	Nil	^5,856,517	5,856,517	0.64%

* These shares were held by Tak Hung (Holding) Co. Ltd. (“Tak Hung”). As Mr. Ho has a 40% interest in Tak Hung, he is deemed to be interested in all these shares held by Tak Hung.

^ Dr. Fung is deemed to be interested in these shares owned by Po Ding Company Limited as he controls the board of such company.

Save as disclosed above, as at 30 September 2024, none of the directors or chief executive of the Company had any interests or short positions in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Management Commentary (Continued)

SUBSTANTIAL SHAREHOLDER

As at 30 September 2024, the following person (other than a director or chief executive of the Company) had interest in shares of the Company, being 5% or more of the Company's issued share capital, as recorded in the register of substantial shareholders required to be kept by the Company under section 336 of the SFO:

<u>Name of shareholder</u>	<u>Number of ordinary shares held</u>	<u>Nature of interest</u>	<u>Approximate percentage of total issued share capital*</u>
Yeung Chi Shing Estates Limited	586,195,857	Beneficial owner	64.47%

* The percentage was calculated based on 909,308,465 ordinary shares of the Company in issue as at 30 September 2024.

Save as disclosed above, as at 30 September 2024, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the Period.

Management Commentary (Continued)

MODEL CODE

The Company has adopted a code of conduct regarding directors' securities transactions on the terms of the Model Code. Having made specific enquiry of all the directors of the Company, all of them had complied with the required standard set out in the Model Code regarding directors' securities transactions throughout the Period.

CORPORATE GOVERNANCE PRACTICES

The Company had complied with all the code provisions set out in Part 2 of the Corporate Governance Code (the "Code") in Appendix C1 to the Listing Rules throughout the Period except the deviations as explained below:

Code provision C.3.3

As far as code provision C.3.3 of the Code is concerned, the Company does not have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Board of the Company decides on the key terms and conditions of the appointment of the directors of the Company from time to time which are recorded in the relevant board minutes.

Code provision F.1.1

In respect of code provision F.1.1 of the Code, the Company does not have a dividend policy or any pre-determined dividend distribution ratio. The Board of the Company will decide on the declaration/recommendation of any future dividends after taking into consideration a number of factors, including the prevailing market conditions, the Company's operating results, business plans and prospects, financial position and working capital requirements, and other factors that the Board of the Company considers relevant.

Management Commentary (Continued)

REVIEW BY AUDITOR AND AUDIT COMMITTEE

The unaudited interim condensed consolidated financial statements for the Period set out on pages 14 to 52 have been reviewed by BDO Limited, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants.

The audit committee of the Company has reviewed with the management of the Group the accounting policies and practices adopted by the Group, its system of risk management and internal control and financial reporting matters and these unaudited interim condensed consolidated financial statements for the Period.

DISCLOSURE UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE

The financial information of the Group relating to the year ended 31 March 2024 included in this report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

Report on Review of Interim Financial Information



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TO THE BOARD OF DIRECTORS OF KING FOOK HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the unaudited interim condensed consolidated financial statements set out on pages 14 to 52 which comprise the condensed consolidated statement of financial position of King Fook Holdings Limited and its subsidiaries as of 30 September 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes (the “interim condensed consolidated financial statements”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors are responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BDO Limited

香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Report on Review of Interim Financial Information (Continued)

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the unaudited interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

BDO Limited

Certified Public Accountants

Chow Tak Sing, Peter

Practising Certificate Number P04659

Hong Kong, 22 November 2024

For the six months ended 30 September 2024

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Condensed Consolidated Statement of Financial Position

As at 30 September 2024

		Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	11,320	10,222
Right-of-use assets	16	40,708	31,575
Investment properties		709	744
Investments at fair value through other comprehensive income	17	2,276	706
Debt instruments at fair value through other comprehensive income	17	32,279	—
Other asset	18	356	356
Deposits	19	4,200	7,148
Deferred tax assets	11	5,000	2,600
		96,848	53,351
Current assets			
Inventories	20	424,610	414,979
Debtors, deposits and prepayments	19	22,472	24,310
Investments at fair value through profit or loss	21	—	146
Time deposits		221,101	193,299
Cash and cash equivalents		192,925	231,231
		861,108	863,965
Total assets		957,956	917,316
Current liabilities			
Trade payables, deposits received and other payables	22	66,747	58,649
Gold loan		68,475	58,109
Lease liabilities	16	34,895	31,000
		170,117	147,758
Net current assets		690,991	716,207
Total assets less current liabilities		787,839	769,558
Non-current liabilities			
Provision for long service payments		2,079	2,000
Lease liabilities	16	14,357	12,274
		16,436	14,274
Net assets		771,403	755,284
CAPITAL AND RESERVES			
Share capital	23	393,354	393,354
Other reserves		35,058	32,341
Retained profits		342,927	329,525
Equity attributable to owners of the Company		771,339	755,220
Non-controlling interests		64	64
Total equity		771,403	755,284

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2024

	Equity attributable to owners of the Company						Non-controlling interests	Total
	Share capital (note 23) HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Investments at fair value through other comprehensive income reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	HK\$'000	HK\$'000
Unaudited								
For the six months ended 30 September 2024								
At 1 April 2024	393,354	24,753	7,271	317	329,525	755,220	64	755,284
2023/24 final dividend (note 12)	—	—	—	—	(23,642)	(23,642)	—	(23,642)
Transaction with owners	—	—	—	—	(23,642)	(23,642)	—	(23,642)
Profit for the period	—	—	—	—	37,044	37,044	—	37,044
Other comprehensive income:								
Exchange differences on translation of foreign operations	—	—	143	—	—	143	—	143
Change in fair value of investments at fair value through other comprehensive income	—	—	—	1,570	—	1,570	—	1,570
Change in fair value of debt instruments at fair value through other comprehensive income	—	—	—	1,004	—	1,004	—	1,004
Other comprehensive income for the period	—	—	143	2,574	—	2,717	—	2,717
Total comprehensive income for the period	—	—	143	2,574	37,044	39,761	—	39,761
At 30 September 2024	393,354	24,753	7,414	2,891	342,927	771,339	64	771,403
Unaudited								
For the six months ended 30 September 2023								
At 1 April 2023	393,354	24,753	9,938	(63)	338,917	766,899	78	766,977
2022/23 final dividend (note 12)	—	—	—	—	(18,186)	(18,186)	—	(18,186)
2022/23 special dividend (note 12)	—	—	—	—	(72,745)	(72,745)	—	(72,745)
Repurchase of ordinary shares	—	—	—	—	(29)	(29)	—	(29)
Transactions with owners	—	—	—	—	(90,960)	(90,960)	—	(90,960)
Profit for the period	—	—	—	—	43,735	43,735	2	43,737
Other comprehensive income:								
Exchange differences on translation of foreign operations	—	—	(376)	—	—	(376)	—	(376)
Change in fair value of investments at fair value through other comprehensive income	—	—	—	328	—	328	—	328
Other comprehensive income for the period	—	—	(376)	328	—	(48)	—	(48)
Total comprehensive income for the period	—	—	(376)	328	43,735	43,687	2	43,689
At 30 September 2023	393,354	24,753	9,562	265	291,692	719,626	80	719,706

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2024

		Unaudited Six months ended 30 September 2024	2023
	Notes	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	24(a)	60,577	62,407
Increase in inventories		(11,136)	(13,485)
Decrease in debtors, deposits and prepayments		4,497	23,965
(Decrease)/increase in trade payables, deposits received and other payables		(15,605)	4,051
<i>Net cash generated from operations</i>		38,333	76,938
Dividends received from investments at fair value through profit or loss		—	8
Proceeds from disposal of investments at fair value through profit or loss		167	—
Interest received		9,598	5,585
Long service payments paid		(23)	(91)
<i>Net cash generated from operating activities</i>		48,075	82,440
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from investments at fair value through other comprehensive income		41	27
Purchase of property, plant and equipment		(4,637)	(119)
Purchase of debt instruments at fair value through other comprehensive income		(31,434)	—
Placement of time deposits with maturity over 3 months		(286,922)	(115,128)
Release of time deposits with maturity over 3 months		259,120	57,200
<i>Net cash used in investing activities</i>		(63,832)	(58,020)
CASH FLOWS FROM FINANCING ACTIVITIES	24(b)		
Dividends paid		(1)	—
Proceeds from gold loan		—	52,797
Payment of repurchase of ordinary shares		—	(24)
Payment of principal element of lease liabilities		(20,451)	(22,665)
Interest paid on gold loan		(622)	—
Payment of interest element of lease liabilities		(1,645)	(1,614)
<i>Net cash (used in)/generated from financing activities</i>		(22,719)	28,494
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(38,476)	52,914
Cash and cash equivalents at the beginning of the period		231,231	301,060
Effect of foreign exchange rates changes, net		170	(60)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		192,925	353,914
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		44,134	39,143
Cash at a financial institution		526	355
Short term bank deposits with maturity within 3 months		148,265	314,416
		192,925	353,914

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION

King Fook Holdings Limited (the “Company”) is a limited liability company incorporated and domiciled in Hong Kong. Its registered office is located at 9th Floor, King Fook Building, 30–32 Des Voeux Road Central, Hong Kong and its principal place of business is in Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The directors of the Company consider the ultimate holding company to be Yeung Chi Shing Estates Limited (“YCSEL”), a company incorporated in Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are gold ornament, jewellery, watch and gift retailing, bullion trading and diamond wholesaling.

These unaudited interim condensed consolidated financial statements for the six months ended 30 September 2024 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure required under Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. They have been prepared with the same accounting policies adopted in the Group’s annual consolidated financial statements for the year ended 31 March 2024 (the “2024 Annual Financial Statements”), except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) as disclosed in note 2.

These unaudited interim condensed consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), unless otherwise stated. These unaudited interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are material to an understanding of the changes in financial position and performance of the Group since the 2024 Annual Financial Statements. These unaudited interim condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with HKFRSs and should be read in conjunction with the 2024 Annual Financial Statements.

1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

These interim condensed consolidated financial statements are unaudited, but have been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA. BDO Limited's report on review of interim financial information to the Board of Directors (the "Board") is included on pages 12 and 13.

2. CHANGES IN ACCOUNTING POLICIES

In the current period, the Group has applied for the first time the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants

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

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

Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
HKFRS 18	Presentation and Disclosure in Financial Statement ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

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

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective for annual periods beginning on or after a date to be determined

2. CHANGES IN ACCOUNTING POLICIES (Continued)

HKFRS 18: *Presentation and Disclosure in Financial Statements*

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace HKAS 1 Presentation of Financial Statements. The new HKFRS Accounting Standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. HKFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have material impact on the financial performance and financial position of the Group but is expected to affect the disclosures and presentation in the future financial statements.

Amendments to HKFRS 9 and HKFRS 7: *Amendments to the Classification and Measurement of Financial Instruments*

The amendments clarify that a financial liability is derecognised on the settlement date and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. It also clarifies the classification of financial assets with Environmental, Social and Governance linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments. Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through other comprehensive income. The amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for contingent features only. The Group is currently assessing the impact of these amendments.

Except as disclosed above, the directors of the Company do not anticipate that the application of the amendments and revisions in the future will have an impact on the Group's financial performance and financial position.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

The directors of the Company anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of unaudited interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgements and estimates have been made in preparing these unaudited interim condensed consolidated financial statements were the same as those that were applied to the Group's 2024 Annual Financial Statements.

4. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Group's top management including executive directors and chief executive for their decisions about resources allocation to the Group's business components and for their review of these components' performance. The business components in the internal financial information reported to the top management are determined according to the Group's major product and service lines.

Based on the above, the Group's top management determined that the Group has only one single reportable segment which is retailing, bullion trading and diamond wholesaling. Accordingly, no separate segment of analysis is presented.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2024

4. SEGMENT INFORMATION (Continued)

No geographical information was presented for the six months ended 30 September 2023 and 2024 respectively as more than 90% of the Group's revenue was derived from activities in Hong Kong (place of domicile). Also, most of the Group's non-current assets are located in Hong Kong.

For the six months ended 30 September 2023 and 2024 respectively, no revenue from a single customer accounted for 10% or more of the total revenue of the Group.

5. REVENUE

The Group is principally engaged in gold ornament, jewellery, watch and gift retailing, bullion trading and diamond wholesaling. Revenue of the Group recognised during the period comprised the following:

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Revenue from contracts with customers:		
Gold ornament, jewellery, watch and gift retailing	341,151	342,357
Bullion trading	46,039	19,637
Diamond wholesaling	111	1,919
Total revenue	387,301	363,913
Timing of revenue recognition:		
At a point in time	387,301	363,913

6. OTHER GAINS AND INCOME

	Unaudited Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Dividend income	41	35
Fair value change of investments at fair value through profit or loss	21	—
Fair value gain on gold loan designated at fair value through profit or loss	—	1,956
Fair value gain on realisation of bullion contract	—	3,290
Interest income from debt instruments at fair value through other comprehensive income	429	—
Interest income from financial assets at amortised cost	9,017	7,423
Interest income from rental deposits	417	306
Rental income on investment properties	534	640
Others	52	545
	10,511	14,195

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2024

7. OTHER OPERATING EXPENSES

	Unaudited Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Fair value change of investments at fair value through profit or loss	—	28
Fair value loss on gold loan designated at fair value through profit or loss	10,366	—
Foreign exchange differences, net	819	235
Loss on write off/disposal of property, plant and equipment	45	8
Provision for impairment loss on property, plant and equipment	976	—
Provision for impairment loss on right-of-use assets	2,124	3,271
	14,330	3,542

8. FINANCE COSTS

	Unaudited Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Interest charges on:		
Gold loan	637	32
Lease liabilities	1,645	1,614
	2,282	1,646

9. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Unaudited Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Auditors' remuneration	419	398
Cost of inventories sold, including	263,183	252,436
— provision for and write down of inventories to net realisable value	1,636	4,011
Depreciation of investment properties	35	36
Depreciation of property, plant and equipment	2,518	1,718
Depreciation of right-of-use assets	15,774	13,826
Outgoings in respect of investment properties	116	144
Rental expenses for variable lease payments	—	466
Rental expenses on short term lease in respect of car parking space	34	—
Rental expenses on short term lease in respect of furniture and fixtures	1	1

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2024

10. TAXATION

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Deferred tax — Hong Kong, net (note 11)	<u>2,400</u>	<u>—</u>
Taxation credit	<u>2,400</u>	<u>—</u>

No Hong Kong profits tax has been provided for the six months ended 30 September 2023 and 2024 respectively as the Group has sufficient tax loss brought forward to set off against the estimated assessable profit.

No overseas profits tax has been provided for the six months ended 30 September 2023 and 2024 respectively as the Group has no estimated assessable profit.

11. DEFERRED TAX ASSETS

The following are the major deferred tax assets recognised by the Group and movements thereon during the current period and prior year:

	Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
Tax losses		
At the beginning of the period/year	2,600	—
Utilised and charged to profit or loss for the period/year upon utilisation of tax losses	(2,600)	—
Credit to profit or loss for the period/year	5,000	2,600
At the end of the period/year	5,000	2,600

The Group has tax losses arising in Hong Kong of HK\$264,198,000 (at 31 March 2024: HK\$286,963,000) that are available indefinitely and tax losses arising in the People's Republic of China of HK\$4,512,000 (at 31 March 2024: HK\$4,065,000) that will expire in 1 to 5 years, for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets of approximately HK\$5,000,000 (at 31 March 2024: HK\$2,600,000) have been recognised in respect of tax losses of approximately HK\$30,303,000 (at 31 March 2024: HK\$15,758,000) where the directors of the Company believe it is probable that these assets will be recovered.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2024

11. DEFERRED TAX ASSETS (Continued)

No deferred tax assets have been recognised in respect of remaining tax losses due to the unpredictability of future profit streams against which the tax losses can be utilised.

12. DIVIDENDS

	Unaudited Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
2023/24 final dividend of HK2.6 cents (2022/23 final dividend: HK2.0 cents) per ordinary share	23,642	18,186
2023/24 special dividend of Nil (2022/23 special dividend: HK8.0 cents) per ordinary share	—	72,745
	<u>23,642</u>	<u>90,931</u>
Dividends declared after the end of the reporting period:		
2024/25 interim dividend of HK0.4 cent (2023/24 interim dividend: HK0.4 cent) per ordinary share	3,637	3,637

The interim dividend is not recognised as a liability as at 30 September 2024 because it has been declared after the end of the reporting period.

13. EARNINGS PER SHARE**(a) Basic earnings per share**

The calculation of basic earnings per share is based on the consolidated profit for the period attributable to owners of the Company of HK\$37,044,000 (for the six months ended 30 September 2023: HK\$43,735,000) and the weighted average number of 909,308,465 (for the six months ended 30 September 2023: 909,345,350) ordinary shares in issue during the period, is calculated as follows:

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	<u> </u>	<u> </u>
Profit attributable to owners of		
the Company	37,044	43,735
	<u> </u>	<u> </u>

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2024

13. EARNINGS PER SHARE (Continued)

(a) Basic earnings per share (Continued)

	Unaudited As at 30 September	
	2024	2023
Weighted average number of ordinary shares		
Issued ordinary shares at 1 April	909,308,465	909,358,465
Effect of ordinary shares repurchased and cancelled (note)	—	(13,115)
Weighted average number of ordinary shares at 30 September	909,308,465	909,345,350

Note: No ordinary share was repurchased and cancelled during the six months ended 30 September 2024. The weighted average number of ordinary shares outstanding during the six months ended 30 September 2023 was adjusted for the effect of 50,000 ordinary shares repurchased and cancelled multiplied by a time-weighting factor.

(b) Diluted earnings per share

Diluted earnings per share and basic earnings per share for the six months ended 30 September 2023 and 2024 respectively are the same as there were no dilutive potential ordinary shares in issue during both periods.

14. EMPLOYEE BENEFIT EXPENSE

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Wages, salaries and other benefits	36,283	34,943
Pension costs — defined contribution retirement schemes	1,203	1,180
Provision for long service payments	248	1,908
Reversal of provision for long service payments	(146)	(18)
	37,588	38,013

Employee benefit expense as shown above includes directors' and chief executive's emoluments.

15. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group incurred capital expenditures of approximately HK\$4,637,000 (for the six months ended 30 September 2023: HK\$119,000) which was mainly related to the additions of leasehold improvements, and furniture and equipment.

Due to the on-going weak consumer sentiment on certain jewellery and watches, certain Group's retail stores fell short of the expected performance which was considered to be an impairment indicator. The Group had performed an impairment assessment on property, plant and equipment and right-of-use assets (note 16) in accordance with HKAS 36, *Impairment of Assets*, at the end of the reporting period. Based on the assessment, provision for impairment loss on right-of-use assets of HK\$2,124,000 (for the six months ended 30 September 2023: HK\$3,271,000) and property, plant and equipment of HK\$976,000 (for the six months ended 30 September 2023: Nil) were recognised and charged to the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2024. The impairment provision was made against a renewal lease agreement on one cash generating unit representing a retail store, which was entered into during the period. The recoverable amounts of these property, plant and equipment and right-of-use assets using value-in-use calculation were determined by the discounted cash flows generated from each of the retail stores based on the management budget plan covering a two-and-a-half year period and a pre-tax discount rate of 10% (at 30 September 2023: 11%), with major assumptions such as change in revenue (based on projected sales estimated by management which is dependent on historical sale pattern, gross profit and product mix), change in operating cost (based on historical information and estimated changes related to the Group's various cost saving measures and central administration cost absorption) and change in gross profit and product mix (based on the historical data and adjusted for the possible changes in gross profit and product mix due to the change in market and operational environment).

16. LEASES

Nature of leasing activities

The Group has obtained the right to use properties and furniture and equipment as its office premises and retail stores under non-cancellable operating lease agreements, which comprise of fixed payments and variable payments that are based on sales over the lease terms.

Right-of-use assets

During the six months ended 30 September 2024, the Group entered into a number of lease agreements for the use of properties and therefore recognised the additions and lease modification to right-of-use assets of HK\$10,407,000 and HK\$16,624,000 respectively (for the six months ended 30 September 2023: HK\$10,766,000 and HK\$29,407,000 respectively). Based on the impairment assessment as set out in note 15, provision for impairment loss on right-of-use assets of HK\$2,124,000 (for the six months ended 30 September 2023: HK\$3,271,000) was recognised and charged to the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2024.

The leases of retail stores contain variable lease payments terms that are based on the retail stores' revenue pursuant to the terms and conditions set out in the respective lease agreements and minimum annual lease payment terms that are fixed.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2024

16. LEASES (Continued)

Lease liabilities

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

	Unaudited As at 30 September 2024		Audited As at 31 March 2024	
	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000
Within 1 year	35,988	37,302	31,000	33,037
After 1 year but within 2 years	10,559	11,889	9,711	10,190
After 2 years but within 5 years	2,705	3,274	2,563	2,630
	<u>49,252</u>	<u>52,465</u>	<u>43,274</u>	45,857
Less: Total future interest charges		<u>(3,213)</u>		<u>(2,583)</u>
Present value of lease liabilities		<u>49,252</u>		<u>43,274</u>

For the six months ended 30 September 2024

17. INVESTMENTS AND DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

		Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
	Notes		
Unlisted equity securities	(i)	2,276	706
Listed debt instruments	(ii)	32,279	—

Notes:

- (i) Financial assets measured at fair value through other comprehensive income represented equity that is not held for trading. The Group has made an irrevocable election to classify the equity at fair value through other comprehensive income rather than through profit or loss because this is considered to be more appropriate for these strategic investments.

The fair values of these investments at 31 March 2024 and 30 September 2024 were determined by the directors of the Company. Details of the fair value measurements are set out in note 27.

- (ii) Details of the above listed debt instruments are as follows:

Bond issuer	Guarantor	Seniority	Bond currency	Annual coupon rate	Maturity date	Unaudited As at 30 September 2024 HK\$'000
CK Hutchison International (24) Limited	CK Hutchison Holdings Limited	Senior unsecured	United States Dollars ("US\$")	5.375%	26 April 2029	16,185
Swire Pacific MTN Financing (HK) Limited	Swire Pacific Limited	Senior unsecured	US\$	5.125%	5 July 2029	16,094

During the six months ended 30 September 2024, the Group had fair value change on listed debt instruments of approximately HK\$1,004,000 (for the six months ended 30 September 2023: Nil) recognised in other comprehensive income.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2024

18. OTHER ASSET

	Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
Membership licence, at cost	<u>356</u>	<u>356</u>

Membership licence is carried at cost less any impairment. It represented cost of membership at The Chinese Gold & Silver Exchange Society.

19. DEBTORS, DEPOSITS AND PREPAYMENTS

	Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
Current		
Trade debtors	5,346	8,047
Other receivables	4,659	5,198
Rental deposits	8,806	6,409
Other deposits	1,255	1,503
Prepayments	<u>2,406</u>	<u>3,153</u>
	<u>22,472</u>	<u>24,310</u>
Non-current		
Rental deposits	<u>4,200</u>	<u>7,148</u>
	<u>26,672</u>	<u>31,458</u>

19. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

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

	Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
Within 30 days	5,265	7,742
31–90 days	81	272
More than 90 days	—	33
	5,346	8,047

20. INVENTORIES

	Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
Jewellery	229,298	227,944
Gold ornament	70,981	56,949
Gold bullion	3,734	2,175
Watch and gift	120,597	127,911
	424,610	414,979

As at 30 September 2024, the fair value less costs to sell of gold bullion was approximately HK\$3,734,000 (at 31 March 2024: HK\$2,175,000).

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2024

21. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited	Audited
	As at	As at
	30 September	31 March
	2024	2024
	HK\$'000	HK\$'000
Equity securities		
Listed in Hong Kong	<u>—</u>	<u>146</u>

The above investments are classified as held for trading.

Fair values of the listed equity securities have been determined by reference to their quoted bid prices at the end of the reporting period.

Details of the fair value measurement are set out in note 27.

For the six months ended 30 September 2024

22. TRADE PAYABLES, DEPOSITS RECEIVED AND OTHER PAYABLES

	Unaudited	Audited
	As at	As at
	30 September	31 March
	2024	2024
	HK\$'000	HK\$'000
Trade payables	11,505	17,732
Other payables	2,310	2,326
Dividend payables	23,981	340
Accruals and provisions	14,509	18,389
Contract liabilities	3,440	3,720
Deposits received	11,002	16,142
	66,747	58,649

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

	Unaudited	Audited
	As at	As at
	30 September	31 March
	2024	2024
	HK\$'000	HK\$'000
Within 30 days	11,392	17,257
31–90 days	113	475
	11,505	17,732

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2024

23. SHARE CAPITAL

Issued share capital

Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000

Issued and fully paid:

909,308,465 (at 31 March 2024:

909,308,465) ordinary shares

393,354	393,354
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	Number of ordinary shares		Share capital	
	Unaudited As at 30 September 2024	Audited As at 31 March 2024	Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
Issued and fully paid:				
At the beginning of the period/year	909,308,465	909,358,465	393,354	393,354
Ordinary shares repurchased and cancelled for the period/year	—	(50,000)	—	—
At the end of the period/year	909,308,465	909,308,465	393,354	393,354

24. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**(a) Reconciliation of profit before taxation to operating profit before working capital changes is as follows:**

	Unaudited Six months ended 30 September 2024 HK\$'000	2023 HK\$'000
Profit before taxation	34,644	43,737
Depreciation of investment properties	35	36
Depreciation of property, plant and equipment	2,518	1,718
Depreciation of right-of-use assets	15,774	13,826
Dividend income	(41)	(35)
Fair value change of investments at fair value through profit or loss	(21)	28
Fair value loss on gold loan designated at fair value through profit or loss	10,366	—
Interest charges	2,282	1,646
Interest income	(9,863)	(7,729)
Loss on write off/disposal of property, plant and equipment	45	8
Provision for and write down of inventories to net realisable value	1,636	4,011
Provision for impairment loss on property, plant and equipment	976	—
Provision for impairment loss on right-of-use assets	2,124	3,271
Provision for long service payments	248	1,908
Reversal of provision for long service payments	(146)	(18)
Operating profit before working capital changes	60,577	62,407

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2024

24. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's condensed consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities HK\$'000	Gold loan HK\$'000	Interest payables HK\$'000	Dividend payables HK\$'000	Total HK\$'000
Unaudited For the six months ended 30 September 2024					
As at 1 April 2024	43,274	58,109	90	340	101,813
Changes from cash flows:					
Payment of principal element of lease liabilities	(20,451)	—	—	—	(20,451)
Interest paid on gold loan	—	—	(622)	—	(622)
Payment of interest element of lease liabilities	(1,645)	—	—	—	(1,645)
Dividends paid	—	—	—	(1)	(1)
Total changes from cash flows	(22,096)	—	(622)	(1)	(22,719)
Other non-cash flow changes:					
Additions	10,146	—	—	—	10,146
Lease modifications	16,283	—	—	—	16,283
Change in fair value of gold loan	—	10,366	—	—	10,366
Interest incurred	1,645	—	637	—	2,282
Dividend declared	—	—	—	23,642	23,642
Total other non-cash flow changes	28,074	10,366	637	23,642	62,719
As at 30 September 2024	49,252	68,475	105	23,981	141,813

24. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**(b) Reconciliation of liabilities arising from financing activities (Continued)**

	Lease liabilities HK\$'000	Gold loan HK\$'000	Interest payables HK\$'000	Dividend payables HK\$'000	Total HK\$'000
Unaudited For the six months ended 30 September 2023					
As at 1 April 2023	40,782	—	—	—	40,782
Changes from cash flows:					
Proceeds from gold loan	—	52,797	—	—	52,797
Payment of principal element of lease liabilities	(22,665)	—	—	—	(22,665)
Payment of interest element of lease liabilities	(1,614)	—	—	—	(1,614)
Total changes from cash flows	(24,279)	52,797	—	—	28,518
Other non-cash flow changes:					
Additions	10,550	—	—	—	10,550
Lease modifications	28,823	—	—	—	28,823
Change in fair value of gold loan	—	(1,956)	—	—	(1,956)
Interest incurred	1,614	—	32	—	1,646
Dividends declared	—	—	—	90,931	90,931
Total other non-cash flow changes	40,987	(1,956)	32	90,931	129,994
As at 30 September 2023	57,490	50,841	32	90,931	199,294

Interest payables and dividend payables are included in trade payables, deposits received and other payables presented in the condensed consolidated statement of financial position.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2024

25. FUTURE OPERATING LEASE RECEIVABLES

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases in respect of investment properties are as follows:

	Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
Within 1 year	1,112	840
After 1 year but within 2 years	487	676
	1,599	1,516

The Group leases out its investment properties under operating lease arrangements which run for an initial period of 1 to 3 years (at 31 March 2024: 2 to 3 years), with option for tenants to renew the lease term at the expiry date.

26. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions disclosed elsewhere in these unaudited interim condensed consolidated financial statements, the Group had the following material transactions with related parties during the period:

		Unaudited Six months ended 30 September	
		2024	2023
<i>Notes</i>		HK\$'000	HK\$'000
Management fees and air-conditioning charges paid to Stanwick Properties Limited	(i)	548	548
Sale of goods to directors	(ii)	1,408	46
Entities in which certain directors* of the Company have beneficial interests:	(iii)		
Purchase of consumables		33	—
Car parking fee		34	—

* Some directors also have beneficial interests in the Company.

Notes:

- (i) The Group has entered into a number of lease agreements with Stanwick Properties Limited ("Stanwick") for the use of properties relating to the Basement and Ground Floor, Mezzanine Floor, 3rd (including a flat roof), 5th, 7th, 8th, 9th and 10th Floors of King Fook Building, 30–32 Des Voeux Road Central, Hong Kong and furniture and equipment. In addition to the management fees and air-conditioning charges paid to Stanwick as disclosed, as at 30 September 2024, the Group had recognised lease liabilities and right-of-use assets of approximately HK\$8,794,000 (at 31 March 2024: HK\$3,836,000) and HK\$8,940,000 (at 31 March 2024: HK\$1,811,000) for the lease payments of those leases respectively. Total undiscounted lease payments under these lease agreements were approximately HK\$5,228,000 (for the six months ended 30 September 2023: HK\$6,561,000) during the period. Stanwick is a wholly owned subsidiary of YCSEL, the ultimate holding company of the Group. These related party transactions were entered into on normal commercial terms.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2024

26. RELATED PARTY TRANSACTIONS (Continued)

- (a) In addition to the transactions disclosed elsewhere in these unaudited interim condensed consolidated financial statements, the Group had the following material transactions with related parties during the period: (Continued)

Notes: (Continued)

(ii) It represented sales of gold ornament, jewellery and watch items net of sale discounts to the directors of the Company for the period. The transactions were carried out on normal commercial terms in the ordinary course of business.

(iii) These related party transactions were entered into on normal commercial terms.

(b) Compensation of key management personnel

The remuneration of directors of the Company (executive and non-executive) and other members of key management during the period was as follows:

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	8,249	7,937
Pension costs — defined contribution retirement schemes	101	96
	8,350	8,033

27. FAIR VALUE MEASUREMENTS

At the end of the reporting period, the financial assets and liability measured at fair value in the condensed consolidated statement of financial position are set out as follows:

		Unaudited				Audited			
		As at 30 September 2024				As at 31 March 2024			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial asset at fair value through profit or loss									
Investments at fair value through profit or loss									
— Listed equity securities	(i)	—	—	—	—	146	—	—	146
Financial assets at fair value through other comprehensive income									
Investments at fair value through other comprehensive income									
— Unlisted equity securities	(iii)	—	—	2,276	2,276	—	—	706	706
Debt instruments at fair value through other comprehensive income									
— Listed debt instruments	(i)	32,279	—	—	32,279	—	—	—	—
		32,279	—	2,276	34,555	—	—	706	706
Financial liability at fair value through profit or loss									
Gold loan	(ii)	—	68,475	—	68,475	—	58,109	—	58,109

27. FAIR VALUE MEASUREMENTS (Continued)

The Group followed HKFRS 13, *Fair Value Measurement*, which introduces a 3 level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The hierarchy groups financial assets and liability into 3 levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liability. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liability;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes:

- (i) At the end of each reporting period, the listed equity securities and debt instruments are measured subsequent to initial recognition at fair value, grouped into Level 1 based on the degree to which the fair value is observable. Level 1 fair value measurements are those quoted prices (unadjusted) in active markets for identical assets or liability.
- (ii) At the end of each reporting period, the gold loan is measured subsequent to initial recognition at fair value, grouped into Level 2 based on the degree to which the fair value is observable. The fair value is determined using discounted cash flow valuation technique reference to quoted market bid price of gold traded in active liquid markets as a key input.

At the end of each reporting period, there were no significant changes in the credit spread of the Group and therefore the amounts of changes in fair value of the financial liabilities arising from changes in the credit risk and the accumulated amounts as at the end of the respective reporting periods were not significant. The changes in fair value of the financial liabilities were mainly attributable to changes in commodity price.

27. FAIR VALUE MEASUREMENTS (Continued)

Notes: (Continued)

- (iii) At the end of each reporting period, the unlisted equity securities are measured subsequent to initial recognition at fair value, grouped into Level 3 based on the degree to which the inputs for the fair value is unobservable. The fair value measurements of unlisted equity securities are determined by the directors of the Company.

Movement of financial assets grouped into Level 3 is as follows:

	Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
Unlisted equity securities		
At the beginning of the period/year	706	326
Fair value change recognised in other comprehensive income for the period/year	1,570	380
At the end of the period/year	2,276	706

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2024

27. FAIR VALUE MEASUREMENTS (Continued)

Notes: (Continued)

(iii) (Continued)

The valuations are determined based on the following significant unobservable inputs:

Financial assets	Valuation technique	Significant unobservable inputs	Range/value	Sensitivity of fair value to the input
Unlisted equity securities with carrying amounts of HK\$17,000 as at 30 September 2024 (at 31 March 2024: HK\$9,000)	Market approach	Price-to-book multiple ("P/B multiple")	0.10 to 6.51 (at 31 March 2024: 0.14 to 2.18)	The fair values of unlisted equity securities are determined with reference to multiples of comparable listed companies, using the average of the P/B multiple of comparable. The fair value measurement should be positively correlated to the P/B multiple. Had the highest P/B multiple among the comparable been used as at 30 September 2024, the fair value would have increased by HK\$70,000. Had the lowest P/B multiple among the comparable been used as at 30 September 2024, the fair value would have decreased by HK\$16,000.
		Discount for lack of marketability ("DLOM")	24.2% (at 31 March 2024: 24.2%)	The fair values of unlisted equity securities are also determined with reference to DLOM. The fair value measurement should be negatively correlated to the DLOM. Had the DLOM decreased by 5% as at 30 September 2024, the fair value would have increased by HK\$1,000. Had the DLOM increased by 5% as at 30 September 2024, the fair value would have decreased by HK\$1,000.

27. FAIR VALUE MEASUREMENTS (Continued)

Notes: (Continued)

(iii) (Continued)

<u>Financial assets</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range/value</u>	<u>Sensitivity of fair value to the input</u>
Unlisted equity securities with carrying amounts of HK\$2,259,000 as at 30 September 2024 (at 31 March 2024: HK\$697,000)	Market approach	Enterprise value-to-earnings before interest, taxes, depreciation and amortisation multiple ("EV/EBITDA multiple")	17.14 to 157.81 (at 31 March 2024: 16.72 to 75.23)	The fair values of unlisted equity securities are determined with reference to multiples of comparable listed companies, using the average of the EV/EBITDA multiple of comparable. The fair value measurement should be positively correlated to the EV/EBITDA multiple. Had the highest EV/EBITDA multiple among the comparable been used as at 30 September 2024, the fair value would have increased by HK\$1,395,000. Had the lowest EV/EBITDA multiple among the comparable been used as at 30 September 2024, the fair value would have decreased by HK\$1,395,000.
		DLOM	24.2% (at 31 March 2024: 24.2%)	The fair values of unlisted equity securities are also determined with reference to DLOM. The fair value measurement should be negatively correlated to the DLOM. Had the DLOM decreased by 5% as at 30 September 2024, the fair value would have increased by HK\$149,000. Had the DLOM increased by 5% as at 30 September 2024, the fair value would have decreased by HK\$149,000.

There have been no transfers between levels in the reporting period.

For the six months ended 30 September 2024

28. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 22 November 2024.

By order of the Board
Tang Yat Sun, Richard
Chairman

Hong Kong, 22 November 2024

At the date of this report, the executive directors of the Company are Mr. Tang Yat Sun, Richard and Dr. Fung Yuk Bun, Patrick; the non-executive directors are Mr. Ho Hau Hay, Hamilton, Ms. Veronica Ho and Mr. Kung Lin Cheng Leo; and the independent non-executive directors are Mr. Cheng Kar Shing, Peter, Mr. Sin Nga Yan, Benedict, Mr. Cheng Kwok Shing, Anthony and Ms. Hou Tan Tan Danielle.