king fook holdings limited
景福集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 280)

GROUP RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

The Board of Directors (the "Board") of King Fook Holdings Limited (the "Company") announces the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the financial year ended 31 March 2020 with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March	
		2020	2019
	Notes	**HK$'000**	HK$'000
Revenue	*6*	**615,748**	551,885
Cost of sales		**(451,188)**	(401,944)
Gross profit		**164,560**	149,941
Other operating income		**8,298**	5,848
Distribution and selling costs		**(113,089)**	(112,666)
Administrative expenses		**(37,028)**	(40,074)
Other operating expenses		**(12,117)**	(396)
Operating profit		**10,624**	2,653
Finance costs		**(4,825)**	(1,989)
Profit before taxation	*7*	**5,799**	664
Taxation	*8*	**-**	-
Profit for the year		**5,799**	664

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

	Notes	Year ended 31 March 2020 HK$'000	2019 HK$'000
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(728)**	(677)
Item that will not be reclassified to profit or loss:			
Change in fair value of investments at fair value through other comprehensive income		**171**	239
Other comprehensive income for the year		**(557)**	(438)
Total comprehensive income for the year		**5,242**	226
Profit/(loss) for the year attributable to:			
− Owners of the Company		**5,692**	767
− Non-controlling interests		**107**	(103)
		5,799	664
Total comprehensive income for the year attributable to:			
− Owners of the Company		**5,135**	329
− Non-controlling interests		**107**	(103)
		5,242	226
		HK cents	HK cents
Earnings per share	*10*		
− Basic and diluted		**0.62**	0.08

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
		2020	2019
	Notes	**HK$'000**	HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1,999**	3,167
Right-of-use assets	*11*	**111,164**	-
Investment properties		**1,031**	529
Investments at fair value through other comprehensive income		**3,007**	2,836
Other asset		**356**	356
Deposits	*12*	**4,309**	-
		121,866	6,888
Current assets			
Inventories		**471,461**	477,738
Debtors, deposits and prepayments	*12*	**29,403**	41,078
Investments at fair value through profit or loss		**263**	316
Time deposit		**1,514**	-
Cash and cash equivalents		**194,292**	161,958
		696,933	681,090
Total assets		**818,799**	687,978
Current liabilities			
Trade payables, deposits received and other payables	*13*	**28,817**	31,788
Gold loan		**31,286**	22,494
Lease liabilities	*11*	**50,507**	-
		110,610	54,282
Net current assets		**586,323**	626,808
Total assets less current liabilities		**708,189**	633,696
Non-current liabilities			
Provision for long service payments		**67**	53
Lease liabilities	*11*	**72,628**	-
		72,695	53
Net assets		**635,494**	633,643
CAPITAL AND RESERVES			
Share capital		**393,354**	393,354
Other reserves		**36,657**	37,214
Retained profits		**205,376**	203,075
Equity attributable to owners of the Company		**635,387**	633,643
Non-controlling interests		**107**	-
Total equity		**635,494**	633,643

Notes:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

The principal activities of the Group are gold ornament, jewellery, watch and gift retailing, bullion trading and diamond wholesaling.

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

2. ADOPTION OF NEW OR REVISED TO HKFRSs

In the current year, the Group has applied for the first time the following new or 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 2019:

Amendments to HKFRS 9	Prepayment Features and Negative Compensation
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3 Business Combinations, HKFRS 11 Joint Arrangements, HKAS 12 Income Taxes and HKAS 23 Borrowing Costs
HKFRS 16	Leases
HK (IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments

The impact of the adoption of HKFRS 16, *Leases* ("HKFRS 16"), has been summarised below. The other new or revised HKFRSs that are effective from 1 April 2019 did not have any significant impact on the Group's accounting policies.

This note explains the impact of the adoption of HKFRS 16 on the Group's consolidated financial statements and discloses the new accounting policies that have been applied from 1 April 2019, where they are different to those applied in prior periods.

(a) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17, *Leases* ("HKAS 17"), HK (IFRIC) – Interpretation 4, *Determining whether an Arrangement contains a Lease* ("HK (IFRIC) – Int 4"), HK (SIC) – Interpretation 15, *Operating Leases-Incentives*, and HK (SIC) – Interpretation 27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. From a lessee's perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (b) to (e) below.

2. ADOPTION OF NEW OR REVISED TO HKFRSs (Continued)

(a) Impact of the adoption of HKFRS 16 (Continued)

The Group has applied HKFRS 16 using the modified retrospective approach, under which the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained profits at the date of initial application. The comparative information presented has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following table summarised the impact of transition to HKFRS 16 on the consolidated statement of financial position as of 31 March 2019 to that of 1 April 2019 as follows (increase/(decrease)):

Consolidated statement of financial position as at 1 April 2019

	HK$'000
Right-of-use assets	65,088
Property, plant and equipment*	(573)
Lease liabilities (non-current)	19,865
Lease liabilities (current)	48,240
Other payables and accruals	(199)
Retained profits	(3,391)

* On 1 April 2019, owned leasehold land and buildings with net book value amounting to approximately HK$573,000 were reclassified as right-of-use assets upon the initial application of HKFRS 16.

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 as at 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 April 2019:

Reconciliation of operating lease commitments to lease liabilities

	HK$'000
Operating lease commitments as of 31 March 2019	74,304
Less: Commitments relating to leases exempt from capitalisation:	
- short term leases with less than 12 months of lease term at transition	(4,529)
	69,775
Less: Total future interest charges	(1,670)
Total lease liabilities as of 1 April 2019	68,105

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 April 2019 was 5%.

(b) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

2. ADOPTION OF NEW OR REVISED TO HKFRSs (Continued)

(b) The new definition of a lease (Continued)

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee shall apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

(c) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise leases which are short term leases and/or leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for which at the commencement date have a lease term of less than 12 months. The lease payments associated with those leases have been expensed on straight line basis over the lease term.

The Group recognised right-of-use assets and lease liabilities at the commencement date of a lease.

Right-of-use assets

The right-of-use assets should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liabilities (see below for the accounting policy to account for lease liabilities); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities.

The Group assesses impairment at the end of each reporting period by evaluating conditions that may lead to impairment of right-of-use assets. Where an impairment condition exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates and assumptions about future events, which are subject to uncertainty and might materially differ from actual result. In making these key estimates and judgements, the Directors take into consideration assumptions that are based on market condition existing at the end of the reporting period and appropriate market and discounts rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

The Group's leasehold land and buildings that were held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40, *Investment Property*, as investment properties and would also continue to be carried at cost less accumulated depreciation and impairment loss. Leasehold land and buildings which were held for own use would continue to be accounted for under HKAS 16, *Property, Plant and Equipment*, as property, plant and equipment and would also continue to be carried at cost less accumulated depreciation and impairment loss. The adoption of HKFRS 16 therefore does not have any significant impact on these assets.

2. ADOPTION OF NEW OR REVISED TO HKFRSs (Continued)

(c) Accounting as a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted for under HKFRS 9, *Financial Instruments*, and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

The lease liabilities should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liabilities by: (i) increasing the carrying amount to reflect interest on the lease liabilities; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

(d) Accounting as a lessor

The Group has leased out its investment properties to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on the consolidated financial statements.

Under HKFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use assets arising from the head lease, instead of by reference to the underlying asset. The adoption of HKFRS 16 does not have a significant impact on the Group's consolidated financial statements in this regard.

(e) Transition

As mentioned above, the Group has applied HKFRS 16 using the modified retrospective approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained profits at the date of initial application (1 April 2019). The comparative information presented has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 April 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019.

2. ADOPTION OF NEW OR REVISED TO HKFRSs (Continued)

(e) Transition (Continued)

The Group has elected to recognise the right-of-use assets at 1 April 2019 for leases previously classified as operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has relied on its assessment of whether leases were onerous by applying HKAS 37, *Provision, Contingent Liabilities and Contingent Assets*, immediately before 1 April 2019 as an alternative to performing an impairment review.

The Group has applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 April 2019) and accounted for those leases as short term leases; and (iii) exclude the initial direct costs from the measurement of the right-of-use assets at 1 April 2019.

In addition, the Group has applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK (IFRIC) – Int 4, and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK (IFRIC) – Int 4.

Refundable rental deposits

Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. There is no material adjustment to the fair value of the Group's rental deposits paid at initial recognition.

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

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

Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendment to HKFRS 16	COVID-19 Related Rent Concessions[4]
HKFRS 17	Insurance Contracts[2]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continued to be permitted.
4 Effective for annual periods beginning on or after 1 June 2020

3. NEW/REVISED HKFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE (Continued)

Amendment to HKFRS 16: *COVID-19 Related Rent Concessions*

The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the Coronavirus Disease 2019 ("COVID-19") pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors. The Directors has not early applied this practical expedient to account for the rent concessions occurring during the year.

The Directors anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The Directors are currently assessing the possible impact of these new or revised standards on the Group's results and financial position in the first year of application. The Directors consider that these new standards and amendments to standards are unlikely to have a material impact to the Group's consolidated financial statements.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing this consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 March 2019, except for the significant judgements and key sources of estimation uncertainty related to the application of HKFRS 16 as described in note 2 above.

5. SEGMENT INFORMATION

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

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

No geographical information was presented for the years ended 31 March 2019 and 2020 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 each of the 2 years ended 31 March 2019 and 2020 respectively, no revenue from a single customer accounted for 10% or more of the total revenue of the Group.

6. REVENUE

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

	Year ended 31 March	
	2020	2019
	HK$'000	HK$'000
Revenue from contracts with customer:		
Gold ornament, jewellery, watch and gift retailing	**592,243**	539,181
Bullion trading	**20,967**	10,078
Diamond wholesaling	**2,538**	2,551
Others	**-**	75
Total revenue	**615,748**	551,885
Timing of revenue recognition:		
At a point in time	**615,748**	551,885

7. PROFIT BEFORE TAXATION

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

	Year ended 31 March	
	2020	2019
	HK$'000	HK$'000
Auditors' remuneration	**777**	779
Cost of inventories sold, including	**452,903**	408,766
− provision for and write down of inventories to net realisable value	**6,364**	9,146
− reversal of provision for and write down of inventories to net realisable value*	**(8,467)**	(4,034)
Depreciation of investment properties	**42**	33
Depreciation of property, plant and equipment	**1,429**	1,067
Depreciation of right-of-use assets	**55,050**	-
Directly write off of deposits and other receivables	**-**	46
Dividend income	**(116)**	(135)
Expenses for liquidation of subsidiaries	**-**	2
Fair value change of investments at fair value through profit or loss	**48**	313
Foreign exchange differences, net	**(227)**	(79)
Government grants	**(560)**	-
Interest income from financial assets at amortised cost	**(3,278)**	(2,360)
Loss on write off/disposal of property, plant and equipment	**160**	35
Loss on a lease modification	**2,039**	-
Operating lease charges in respect of furniture and fixtures	**-**	598
Operating lease charges in respect of properties	**-**	65,314
Outgoings in respect of investment properties	**143**	95
Provision for impairment loss on property, plant and equipment	**2,419**	-
Provision for impairment loss on right-of-use assets	**7,452**	-
Provision for long service payments		
− provided against the account	**37**	33
− reversal of provision	**(23)**	(15)
Rental expenses for variable lease payments	**4,345**	-
Rental expenses on short term lease in respect of furniture and fixtures	**135**	-
Rental expenses on short term lease in respect of properties	**4,445**	-
Rental income on owned properties	**(1,264)**	(997)
Write back of payables	**(2,840)**	(2,233)

7. PROFIT BEFORE TAXATION (Continued)

* Reversal of provision for and write down of inventories to net realisable value mainly arose from inventories that were sold during the year.

8. TAXATION

No Hong Kong profits tax has been provided for the year ended 31 March 2019 and 2020 respectively as the Group has sufficient tax loss brought forward to set off the estimated assessable profit.

No overseas profits tax has been provided for the years ended 31 March 2019 and 2020 respectively as the Group has no estimated assessable profit.

9. DIVIDEND

At a meeting held on 26 June 2020, the Directors recommended a final dividend of HK0.2 cents per ordinary share for the year ended 31 March 2020. The proposed dividends are not reflected as dividend payables as at 31 March 2020 in the consolidated financial statements.

No dividend was paid or proposed for the year ended 31 March 2019.

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit for the year attributable to owners of the Company of HK$5,692,000 (2019: HK$767,000) and the weighted average number of 913,650,465 (2019: 913,650,465) ordinary shares in issue during the year.

Diluted earnings per share and basic earnings per share for each of the 2 years ended 31 March 2019 and 2020 respectively are the same as there were no dilutive potential ordinary shares during both years.

11. LEASES

HKFRS 16 was adopted on 1 April 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 April 2019, see note 2(e).

Nature of leasing activities

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

RIGHT-OF-USE ASSETS

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to HKFRS 16 is as follows:

	As at 31 March 2020 HK$'000	As at 1 April 2019 HK$'000
Properties leased under tenancy agreements	**110,173**	64,370
Owned leasehold land and buildings	**-**	573
Furniture and fixtures	**991**	145
	111,164	65,088

During the year, additions of right-of-use assets were HK$9,764,000. This amount related to the capitalised lease payments payable under new tenancy agreements.

11. LEASES (Continued)

RIGHT-OF-USE ASSETS (Continued)

Movement of right-of-use assets during the year:

	Properties leased under tenancy agreements HK$'000	Owned leasehold land and buildings HK$'000	Furniture and fixtures HK$'000	Total HK$'000
As at 1 April 2019 (note 2(a))	64,370	573	145	65,088
Additions	9,764	-	-	9,764
Depreciation	(54,774)	(29)	(247)	(55,050)
Impairment loss	(7,452)	-	-	(7,452)
Transfer to investment properties	-	(544)	-	(544)
Lease modifications	98,265	-	1,093	99,358
As at 31 March 2020	**110,173**	**-**	**991**	**111,164**

LEASE LIABILITIES

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of initial application of HKFRS 16 are as follows:

	As at 31 March 2020		As at 1 April 2019	
	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	**50,507**	**55,505**	48,240	50,688
After 1 year but within 2 years	**38,152**	**40,817**	14,892	14,703
After 2 years but within 5 years	**34,476**	**35,496**	4,973	4,384
	123,135	**131,818**	68,105	69,775
Less: Total future interest charges		**(8,683)**		(1,670)
Present value of lease liabilities		**123,135**		68,105

The Group has applied HKFRS 16 using the modified retrospective approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained profits at the date of initial application (note 2(e)).

11. **LEASES** (Continued)

LEASE LIABILITIES (Continued)

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

	As at 31 March 2020	As at 1 April 2019 (note 2(a))
	HK$'000	HK$'000
Current liabilities	**50,507**	48,240
Non-current liabilities	**72,628**	19,865
	123,135	68,105

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
Current		
Trade debtors	**1,468**	7,900
Other receivables	**4,401**	5,181
Deposits and prepayments	**23,534**	27,997
	29,403	41,078
Non-current		
Rental deposits	**4,309**	-
	33,712	41,078

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

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
Within 30 days	**1,383**	6,628
31 − 90 days	**85**	1,272
	1,468	7,900

13. TRADE PAYABLES, DEPOSITS RECEIVED AND OTHER PAYABLES

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
Trade payables	**5,411**	17,363
Other payables and accruals	**6,244**	7,820
Contract liabilities	**2,277**	2,510
Deposits received	**14,885**	4,095
	28,817	31,788

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

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
Within 30 days	**5,236**	14,628
31 − 90 days	**166**	149
More than 90 days	**9**	2,586
	5,411	17,363

DIVIDEND

The Board of the Company has resolved to recommend the payment of a final dividend of HK0.2 cents (2019: Nil) per ordinary share for the year ended 31 March 2020 to shareholders whose names appear on the register of members of the Company on 17 September 2020 subject to the approval of shareholders at the forthcoming annual general meeting to be held on 11 September 2020. The dividend warrants for the proposed final dividend are expected to be despatched to shareholders on or about 30 September 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Results Overview

For the year ended 31 March 2020, the Group recorded total revenue of HK$615.7 million, representing an increase of HK$63.8 million or 11.6% from HK$551.9 million of the previous year. The Group has recorded a consolidated profit attributable to owners of the Company for the year ended 31 March 2020 of HK$5.7 million as compared to HK$0.8 million in last year. Such profit improvement was primarily due to an increase in revenue in the retail business of the Group during the year ended 31 March 2020 mainly as a result of continued growth of sales to local high-end customers. The Group's distribution and selling costs for the year ended 31 March 2020 increased by 0.4% to HK$113.1 million as compared with HK$112.7 million for the previous year, and the increase was mainly caused by the opening of a new store in Harbour City, Kowloon in November 2019. The Group's administrative expenses for the year ended 31 March 2020 decreased by 7.6% to HK$37.0 million as compared with HK$40.1 million for the previous year, which was mainly attributable to the decrease in overseas travelling expense due to the outbreak of COVID-19 pandemic and decrease in legal and professional fees.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review

As at 31 March 2020, the Group had 7 shops in Hong Kong for retail of gold ornament, jewellery, watches, gifts and bullion trading. The revenue of the Group's retailing business for the year ended 31 March 2020 increased by 11.6% to HK$613.2 million from HK$549.3 million for the previous year.

For the year ended 31 March 2020, Hong Kong was adversely affected by the on-going trade dispute between China and the United States, social unrest since June 2019 and an outbreak of COVID-19 pandemic in the fourth quarter of such year. The number of tourists dropped significantly since August 2019 and was down to almost zero in April 2020. Local consumption sentiment was negatively impacted by the outbreak of COVID-19. The Group's increase in revenue for the year ended 31 March 2020 was mainly contributed by the sales growth from local high-end customers in the first three quarters of such year. The growth in revenue for the first three quarters of the year ended 31 March 2020 was 20.5% as compared to the same period last year. However, the Group's revenue declined by 14.8% in the fourth quarter of the year ended 31 March 2020 due to the virus outbreak. Same store sales growth was 14.8% for the year ended 31 March 2020. In November 2019, the Group opened a new jewellery store in Harbour City, Kowloon which targeted the young customer segment. In March 2020, the Group closed down the underperformed Hong Kong Club shop to consolidate the floor areas of its retail shops on Hong Kong Island in order to counter-balance the declining demand in the luxury goods retail market.

Future Outlook

The Group expects the sluggish market conditions will continue and the Hong Kong luxury goods retail market will take time to recover. The Group will enhance its competitiveness by cautiously reviewing and adjusting its store locations, operating costs, and product mix so as to better address the changing needs of tourists and the local market.

The slowdown of the luxury goods retail market has already eased rental pressure to some extent and some rental reduction has happened. The management will continue launching marketing campaigns and promotional events to maintain relationship with existing customers and at the same time attract new customers.

The outbreak of COVID-19 has led the Group to speed up the development of on-line platforms to better meet customers' shopping needs. Last but not least, the Group will keep investing in its people, the best asset of the Group, to help it overcome the challenge of the adverse market condition expected in the current financial year.

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 year.

CORPORATE GOVERNANCE PRACTICES

The Company had complied with all the code provisions of the Corporate Governance Code (the "Code") set out in appendix 14 to the Listing Rules throughout the year except the deviations as explained below:

Code provision A.4.1

The non-executive directors of the Company were not appointed for a specific term, but each of them is subject to retirement by rotation at annual general meeting of the Company at least once every 3 years in accordance with the Articles of Association of the Company. The retiring directors shall be eligible for re-election.

Code provisions A.5.1 to A.5.4

The Company has not established a nomination committee. In view of the current structure of the Board and the business operations of the Group, the Board believes that it is not necessary to establish a nomination committee as it considers that all Directors should be involved in performing the duties set out in such code provisions.

CORPORATE GOVERNANCE PRACTICES (Continued)

Code provision D.1.4

The Company does not have formal letters of appointment for Directors setting out the key terms and conditions of their appointment. The Board decides on the key terms and conditions of the appointment of the Directors from time to time which are recorded in the relevant board minutes.

Code provision E.1.5

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

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed with the management of the Group the accounting policies and practices adopted by the Group, its system of risk management and internal control and financial reporting matters including review of the results for the year ended 31 March 2020.

SCOPE OF WORK OF BDO LIMITED

The figures in this preliminary announcement in respect of the Group's results for the year ended 31 March 2020 have been reviewed and agreed by the Group's auditor, BDO Limited ("BDO"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO on this preliminary announcement.

DISCLOSURE UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE

The financial information of the Group relating to the 2 years ended 31 March 2019 and 2020 respectively included in this preliminary announcement of the annual results for the year ended 31 March 2020 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 March 2020 in due course.

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

CLOSURE OF REGISTER OF MEMBERS

In order to determine the rights to attend and vote at the forthcoming annual general meeting of the Company (the "Meeting"), the register of members of the Company will be closed from Tuesday, 8 September 2020 to Friday, 11 September 2020, both days inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (the "Share Registrar"), not later than 4:30 p.m. on Monday, 7 September 2020.

In order to determine entitlement to the final dividend to be approved at the Meeting, the register of members of the Company will be closed on Thursday, 17 September 2020 during which day no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Share Registrar not later than 4:30 p.m. on Wednesday, 16 September 2020.

By order of the Board
Tang Yat Sun, Richard
Chairman

Hong Kong, 26 June 2020

As at the date of this announcement, the executive directors of the Company are Mr. Tang Yat Sun, Richard, Dr. Fung Yuk Bun, Patrick and Mr. Yeung Ka Shing; the non-executive director is Mr. Wong Wei Ping, Martin; and the independent non-executive directors are Mr. Cheng Kar Shing, Peter, Mr. Ho Hau Hay, Hamilton, Mr. Sin Nga Yan, Benedict and Mr. Cheng Kwok Shing, Anthony.