

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



六福集團(國際)有限公司

LUK FOOK HOLDINGS (INTERNATIONAL) LIMITED

(於百慕達註冊成立之有限公司)
(Incorporated in Bermuda with Limited Liability)
Stock Code 股份代號 : 0590

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015

HIGHLIGHTS

- Revenue and profit attributable to equity holders reached HK\$15.9 billion and HK\$1.6 billion respectively, second highest in the annual record
- Overall gross margin of 24.1% improved by 2.2 p.p. with successful strategies on increasing mix of gem-set jewellery products, revenue mix of gem-set increased by 6.6 p.p. to 38.4%
- A final dividend of HK\$0.55 per share was declared, with annual dividend of HK\$1.10 per share, another second highest in record

FINANCIAL PERFORMANCE

	2015	2014	Y-o-Y
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>Change</i>
Revenue	15,922,708	19,214,930	-17.1%
Gross Profit	3,831,538	4,214,154	-9.1%
Operating Profit	1,976,211	2,308,755	-14.4%
Profit for the year	1,620,628	1,867,274	-13.2%
Profit Attributable to Equity Holders	1,614,805	1,864,928	-13.4%
Basic Earnings per Share	HK\$2.74	HK\$3.17	-13.6%
Final Dividend per Share	HK\$0.55	HK\$0.638	-13.8%
Annual Dividend per Share	HK\$1.10	HK\$1.268	-13.2%
Gross Margin	24.1%	21.9%	2.2p.p.
Net Margin	10.2%	9.7%	0.5p.p.
EBITDA	2,112,148	2,432,445	-13.2%

The board of directors (the “Board”) of Luk Fook Holdings (International) Limited (the “Company”) is pleased to present the consolidated annual results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2015 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2015

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000
Revenue	3	15,922,708	19,214,930
Cost of sales	4	(12,091,170)	(15,000,776)
Gross profit		3,831,538	4,214,154
Other income		174,386	107,510
Selling and distribution costs		(1,937,059)	(1,923,385)
Administrative expenses		(147,247)	(150,841)
Other gains, net	5	54,593	61,317
Operating profit	4	1,976,211	2,308,755
Finance income		48,874	15,167
Finance costs		(20,474)	(2,844)
Finance income, net		28,400	12,323
Share of results of associates	9	(21,793)	(259)
Profit before income tax		1,982,818	2,320,819
Income tax expenses	6	(362,190)	(453,545)
Profit for the year		1,620,628	1,867,274
Profit attributable to:			
Equity holders of the Company		1,614,805	1,864,928
Non-controlling interests		5,823	2,346
		1,620,628	1,867,274
Earnings per share for profit attributable to equity holders of the Company during the year	7		
Basic		HK\$2.74	HK\$3.17
Diluted		HK\$2.74	HK\$3.17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year	<u>1,620,628</u>	<u>1,867,274</u>
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurements of employee benefit obligations	3,261	6,711
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences:		
– Group	(16,685)	(6,947)
– Associates	(1,312)	(2)
Revaluation of available-for-sale financial assets	<u>(4,680)</u>	<u>5,400</u>
Other comprehensive income for the year, net of tax	<u>(19,416)</u>	<u>5,162</u>
Total comprehensive income for the year	<u><u>1,601,212</u></u>	<u><u>1,872,436</u></u>
Attributable to:		
– Equity holders of the Company	1,595,454	1,869,931
– Non-controlling interests	<u>5,758</u>	<u>2,505</u>
Total comprehensive income for the year	<u><u>1,601,212</u></u>	<u><u>1,872,436</u></u>

CONSOLIDATED BALANCE SHEET

As at 31 March 2015

		As at 31 March	
		2015	2014
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		618,012	566,321
Land use rights		224,883	182,576
Investment properties		45,792	45,926
Interests in associates	9	245,934	7,046
Loan to an associate	10	83,160	–
Derivative financial instrument	11	66,735	–
Available-for-sale financial assets		8,820	13,500
Trading licence		1,080	1,080
Rental deposits and prepayments		128,517	189,933
Deferred income tax assets		28,025	34,211
		<u>1,450,958</u>	<u>1,040,593</u>
Current assets			
Inventories		7,394,696	6,225,280
Trade receivables	12	200,759	225,938
Deposits, prepayments and other receivables		257,701	274,880
Derivative financial instruments	11	5,234	14,528
Amount due from an associate	9	30,076	–
Loan to an associate	10	20,000	–
Income tax recoverable		61,686	–
Cash and bank balances		2,090,127	1,804,937
		<u>10,060,279</u>	<u>8,545,563</u>
Total assets		<u><u>11,511,237</u></u>	<u><u>9,586,156</u></u>
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	13	58,910	58,910
Share premium	13	2,522,983	2,522,983
Reserves		5,630,461	4,683,025
Proposed dividends		324,009	375,851
		<u>8,536,363</u>	<u>7,640,769</u>
Non-controlling interests		<u>64,144</u>	<u>58,386</u>
Total equity		<u><u>8,600,507</u></u>	<u><u>7,699,155</u></u>

		As at 31 March	
		2015	2014
	<i>Note</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		85,421	54,793
Employee benefit obligations		34,008	34,517
		<u>119,429</u>	<u>89,310</u>
Current liabilities			
Trade payables, other payables and accruals	<i>14</i>	902,126	979,123
Amount due to an associate	<i>9</i>	1,674	1,771
Bank borrowings		1,470,633	568,000
Gold loans		242,802	–
Current income tax liabilities		174,066	248,797
		<u>2,791,301</u>	<u>1,797,691</u>
Total liabilities		<u>2,910,730</u>	<u>1,887,001</u>
Total equity and liabilities		<u>11,511,237</u>	<u>9,586,156</u>
Net current assets		<u>7,268,978</u>	<u>6,747,872</u>
Total assets less current liabilities		<u>8,719,936</u>	<u>7,788,465</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Luk Fook Holdings (International) Limited (the “Company”) was incorporated in Bermuda on 3 September 1996 as a company with limited liability under the Companies Act of Bermuda. The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton HM 12 Bermuda.

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

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

2 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention except that certain financial assets and financial liabilities are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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

- (a) New amendments to existing standards that are effective for the first time for the financial year beginning 1 April 2014 and are relevant to the Group’s operations:

HKAS 32 (Amendment), ‘Financial instruments: Presentation – Offsetting financial assets and financial liabilities’. This amendment is to the application guidance in HKAS 32 and clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

HKAS 36 (Amendment), ‘Impairment of assets – Recoverable amount disclosures for non-financial assets’. This amendment addresses the disclosure of information about the recoverable amount of impaired assets.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments), ‘Investment entities’. This amendment applies to a particular class of business that qualify as investment entities. The term ‘investment entity’ refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds.

The adoption of these amendments had no impact on the consolidated financial statements.

- (b) Certain new standards and amendments to existing standards relevant to the Group have been published that are mandatory for the Group's accounting periods beginning on or after 1 April 2015 or later periods, which the Group has not early adopted, are as follows:

HKAS 1 (Amendment)	Presentation of financial statement – Disclosure initiative ²
HKAS 16 (Amendment) and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation ²
HKAS 27 (Amendment)	Separate financial statements – Equity method in separate financial statements ²
HKFRS 9 (2014)	Financial instruments ³
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture ²
HKFRS 15	Revenue from contracts with customer ²
Annual improvements 2012	Annual improvements 2010-2012 reporting cycle ¹
Annual improvements 2013	Annual improvements 2011-2013 reporting cycle ¹
Annual improvements 2014	Annual improvements 2012-2014 reporting cycle ²

(¹) Effective for annual period beginning on or after 1 July 2014

(²) Effective for annual period beginning on or after 1 January 2016

(³) Effective for annual periods beginning on or after 1 January 2018

The Group is in the process of making an assessment on the impact of these new standards and amendments to existing standards and is not yet in a position to state whether they would have a significant impact on the Group's results of the operations and financial position taken as a whole. The Group intends to adopt the above new standards and amendments to existing standards when they become effective.

- (c) New Hong Kong Companies Ordinance (Cap.622)

In addition, the revised listing rules on disclosure of financial information with reference to the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year ending on or after 31 March 2016. The Group is in the process of making an assessment of expected impact of the changes. So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

3. SEGMENT INFORMATION

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

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

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

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

Assets of reportable segments exclude interests in associates, certain land and buildings, investment properties, deferred income tax assets and corporate assets, all of which are managed on a central basis.

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

Year ended 31 March 2015

	Retailing – Hong Kong, Macau and overseas <i>HKS'000</i>	Retailing – Mainland China <i>HKS'000</i>	Wholesaling – Hong Kong <i>HKS'000</i>	Wholesaling – Mainland China <i>HKS'000</i>	Licensing <i>HKS'000</i>	Inter- segment elimination <i>HKS'000</i>	Reportable segments Total <i>HKS'000</i>
Revenue							
Sales to external customers	11,329,725	1,221,848	97,258	2,203,661	–	–	14,852,492
Sales of scrap gold and platinum and gold bullion	–	–	492,463	–	–	–	492,463
	<u>11,329,725</u>	<u>1,221,848</u>	<u>589,721</u>	<u>2,203,661</u>	<u>–</u>	<u>–</u>	<u>15,344,955</u>
Inter-segment sales	93,090	5,631	3,437,945	155,677	–	(3,692,343)	–
Sales of merchandises	11,422,815	1,227,479	4,027,666	2,359,338	–	(3,692,343)	15,344,955
Royalty and service income	–	–	–	–	545,660	–	545,660
Consultancy fee income	–	–	–	–	32,093	–	32,093
Total	<u><u>11,422,815</u></u>	<u><u>1,227,479</u></u>	<u><u>4,027,666</u></u>	<u><u>2,359,338</u></u>	<u><u>577,753</u></u>	<u><u>(3,692,343)</u></u>	<u><u>15,922,708</u></u>
Results of reportable segments	<u><u>1,175,023</u></u>	<u><u>72,936</u></u>	<u><u>147,348</u></u>	<u><u>237,082</u></u>	<u><u>361,439</u></u>	<u><u>–</u></u>	<u><u>1,993,828</u></u>
A reconciliation of results of reportable segments to profit for the year is as follows:							
Results of reportable segments							
Unallocated income							60,030
Unallocated expenses							(77,647)
Operating profit							1,976,211
Finance income							48,874
Finance costs							(20,474)
Share of results of associates							(21,793)
Profit before income tax							1,982,818
Income tax expenses							(362,190)
Profit for the year							1,620,628
Non-controlling interests							(5,823)
Profit attributable to equity holders of the Company							<u><u>1,614,805</u></u>

Year ended 31 March 2015

	Retailing – Hong Kong, Macau and overseas <i>HKS'000</i>	Retailing – Mainland China <i>HKS'000</i>	Wholesaling – Wholesaling – Hong Kong <i>HKS'000</i>	Wholesaling – Mainland China <i>HKS'000</i>	Licensing <i>HKS'000</i>	Inter- segment elimination <i>HKS'000</i>	Reportable segments Total <i>HKS'000</i>	Unallocated <i>HKS'000</i>	Total <i>HKS'000</i>
Depreciation of property, plant and equipment	(65,631)	(17,748)	(7,864)	(20,448)	(10,009)	–	(121,700)	(25,066)	(146,766)
Amortisation of land use rights	–	–	–	(460)	(8,865)	–	(9,325)	(336)	(9,661)
Depreciation of investment properties	–	–	–	–	–	–	–	(1,303)	(1,303)
Additions of non-current assets	66,471	16,027	9,852	24,189	6,917	–	123,456	302,340	425,796

As at 31 March 2015

	Retailing – Hong Kong, Macau and overseas <i>HKS'000</i>	Retailing – Mainland China <i>HKS'000</i>	Wholesaling – Wholesaling – Hong Kong <i>HKS'000</i>	Wholesaling – Mainland China <i>HKS'000</i>	Licensing <i>HKS'000</i>	Inter- segment elimination <i>HKS'000</i>	Reportable segments Total <i>HKS'000</i>	Unallocated <i>HKS'000</i>	Total <i>HKS'000</i>
Segment assets	6,365,889	1,471,458	1,185,377	1,694,687	419,277	(1,595,376)	9,541,312		9,541,312
Interests in associates								245,934	245,934
Land and buildings								270,944	270,944
Investment properties								45,792	45,792
Deferred income tax assets								28,025	28,025
Income tax recoverable								61,686	61,686
Other unallocated assets								1,317,544	1,317,544
Total assets									11,511,237
Segment liabilities	(215,260)	(11,859)	(1,612,381)	(281,314)	(290,101)	1,595,376	(815,539)		(815,539)
Deferred income tax liabilities								(85,421)	(85,421)
Current income tax liabilities								(174,066)	(174,066)
Bank borrowings								(1,470,633)	(1,470,633)
Gold loans								(242,802)	(242,802)
Other unallocated liabilities								(122,269)	(122,269)
Total liabilities									(2,910,730)

Year ended 31 March 2014

	Retailing – Hong Kong, Macau and overseas <i>HK\$ '000</i>	Retailing – Mainland China <i>HK\$ '000</i>	Wholesaling – Hong Kong <i>HK\$ '000</i>	Wholesaling – Mainland China <i>HK\$ '000</i>	Licensing <i>HK\$ '000</i>	Inter- segment elimination <i>HK\$ '000</i>	Reportable segments Total <i>HK\$ '000</i>
Revenue							
Sales to external customers	14,513,900	1,649,783	64,612	1,958,656	–	–	18,186,951
Sales of scrap gold and platinum and gold bullion	–	–	409,648	–	–	–	409,648
	<u>14,513,900</u>	<u>1,649,783</u>	<u>474,260</u>	<u>1,958,656</u>	<u>–</u>	<u>–</u>	<u>18,596,599</u>
Inter-segment sales	78,004	23,732	11,182,264	144,416	–	(11,428,416)	–
Sales of merchandises	14,591,904	1,673,515	11,656,524	2,103,072	–	(11,428,416)	18,596,599
Royalty and service income	–	–	–	–	584,434	–	584,434
Consultancy fee income	–	–	–	–	33,897	–	33,897
Total	<u><u>14,591,904</u></u>	<u><u>1,673,515</u></u>	<u><u>11,656,524</u></u>	<u><u>2,103,072</u></u>	<u><u>618,331</u></u>	<u><u>(11,428,416)</u></u>	<u><u>19,214,930</u></u>
Results of reportable segments	<u><u>1,660,138</u></u>	<u><u>38,973</u></u>	<u><u>159,756</u></u>	<u><u>172,690</u></u>	<u><u>413,266</u></u>	<u><u>–</u></u>	<u><u>2,444,823</u></u>
A reconciliation of results of reportable segments to profit for the year is as follows:							
Results of reportable segments							2,444,823
Unallocated income							50,059
Unallocated expenses							(186,127)
Operating profit							2,308,755
Finance income							15,167
Finance costs							(2,844)
Share of results of an associate							(259)
Profit before income tax							2,320,819
Income tax expenses							(453,545)
Profit for the year							1,867,274
Non-controlling interests							(2,346)
Profit attributable to equity holders of the Company							<u><u>1,864,928</u></u>

Year ended 31 March 2014

	Retailing – Hong Kong, Macau and overseas <i>HK\$'000</i>	Retailing – Mainland China <i>HK\$'000</i>	Wholesaling – Wholesaling – Hong Kong <i>HK\$'000</i>	Wholesaling – Mainland China <i>HK\$'000</i>	Licensing <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	Reportable segments Total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation of property, plant and equipment	(57,052)	(19,658)	(1,965)	(11,846)	(6,101)	–	(96,622)	(18,982)	(115,604)
Amortisation of land use rights	–	–	–	(467)	(6,653)	–	(7,120)	(13)	(7,133)
Depreciation of investment properties	–	–	–	–	–	–	–	(1,212)	(1,212)
Additions of non-current assets	102,951	22,830	13,979	30,939	73,914	–	244,613	13,299	257,912

As at 31 March 2014

	Retailing – Hong Kong, Macau and overseas <i>HK\$'000</i>	Retailing – Mainland China <i>HK\$'000</i>	Wholesaling – Wholesaling – Hong Kong <i>HK\$'000</i>	Wholesaling – Mainland China <i>HK\$'000</i>	Licensing <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	Reportable segments Total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	5,337,181	1,261,126	596,284	1,299,091	487,143	(730,514)	8,250,311		8,250,311
Interests in an associate								7,046	7,046
Land and buildings								225,710	225,710
Investment properties								45,926	45,926
Deferred income tax assets								34,211	34,211
Other unallocated assets								1,022,952	1,022,952
Total assets									9,586,156
Segment liabilities	(384,139)	(20,121)	(818,935)	(138,116)	(247,880)	730,514	(878,677)		(878,677)
Deferred income tax liabilities								(54,793)	(54,793)
Current income tax liabilities								(248,797)	(248,797)
Bank borrowings								(568,000)	(568,000)
Other unallocated liabilities								(136,734)	(136,734)
Total liabilities									(1,887,001)

The Group's revenues are mainly derived from Hong Kong customers, Mainland China visitors to Hong Kong and Macau and Mainland China customers. An analysis of the Group's revenue by location in which the transaction took place is as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Hong Kong	9,513,081	11,957,141
Mainland China	4,003,262	4,226,770
Macau and overseas	2,406,365	3,031,019
	<u>15,922,708</u>	<u>19,214,930</u>

An analysis of the Group's non-current assets (other than deferred income tax assets, available-for-sale financial assets, derivative financial instrument, rental deposits and loan to an associate) by location of assets is as follows:

	2015				2014			
	Mainland Macau and			Total	Mainland Macau and			Total
	Hong Kong	China	overseas		Hong Kong	China	overseas	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	369,417	222,088	26,507	618,012	334,288	197,925	34,108	566,321
Land use rights	–	224,883	–	224,883	–	182,576	–	182,576
Investment properties	37,309	8,483	–	45,792	39,124	6,802	–	45,926
Interests in associates	245,934	–	–	245,934	7,046	–	–	7,046
Trading licence	1,080	–	–	1,080	1,080	–	–	1,080
Prepayment for purchase of building and land use right and equipment	–	–	–	–	–	73,939	–	73,939
	<u>653,740</u>	<u>455,454</u>	<u>26,507</u>	<u>1,135,701</u>	<u>381,538</u>	<u>461,242</u>	<u>34,108</u>	<u>876,888</u>

4 OPERATING PROFIT

The operating profit is stated after charging the following:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cost of sales		
– cost of inventories sold (Note)	11,887,329	14,807,397
– cost of licensing business (Note)	203,841	193,379
	<u>12,091,170</u>	<u>15,000,776</u>
Staff costs (including the directors' emoluments)	747,560	733,873
Operating lease		
– minimum lease payments	587,003	474,440
– contingent rents	151,266	211,773
Commission expenses to credit card companies	131,339	168,266
Depreciation of property, plant and equipment	146,766	115,604
Depreciation of investment properties	1,303	1,212
Amortisation of land use rights	9,661	7,133
Loss on disposal of property, plant and equipment	755	2,530
Auditor's remuneration	5,040	4,418
	<u>5,040</u>	<u>4,418</u>

Note: Cost of inventories sold and cost of licensing business include staff costs (including the directors emoluments) of HK\$269,776,000 (2014: HK\$216,148,000).

5 OTHER GAINS, NET

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Net realised gains on derivative financial instruments	12,974	49,018
Net unrealised gains on derivative financial instruments	–	14,528
Fair value gain on convertible bond	9,655	–
Net realised gain on gold loans	14,874	–
Net unrealised gain on gold loans	8,687	–
Net exchange gains/(losses)	9,222	(2,397)
Others	(819)	168
	<u>54,593</u>	<u>61,317</u>

6 INCOME TAX EXPENSES

Hong Kong profits tax has been provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current taxation:		
– Hong Kong profits tax	149,802	192,161
– overseas taxation	173,054	248,307
– under-provision in prior years	2,520	4,882
Deferred tax	36,814	8,195
	<u>362,190</u>	<u>453,545</u>

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company of HK\$1,614,805,000 (2014: HK\$1,864,928,000) and the weighted average number of 589,107,850 (2014: 589,107,850) ordinary shares in issue during the year.

Diluted earnings per share for the years ended 31 March 2015 and 2014 is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years.

8 DIVIDENDS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
2014/15 interim, paid, of HK\$0.55 (2013/14 interim: HK\$0.63) per ordinary share	<u>324,009</u>	<u>371,138</u>
2014/15 final, proposed, of HK\$0.55 (2013/14 final: HK\$0.638) per ordinary share (<i>Note</i>)	<u>324,009</u>	<u>375,851</u>

Note: At a meeting held on 25 June 2015, the directors recommended the payment of a final dividend of HK\$0.55 per ordinary share, totalling HK\$324,009,000. Such dividend is to be approved by the shareholders at the Annual General Meeting of the Company on 19 August 2015. This proposed dividend is not reflected as dividends payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2016.

9 INTERESTS IN ASSOCIATES

	Group	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Share of net assets, as at 1 April	7,046	7,303
Acquisition (<i>Note i</i>)	244,810	–
Subscription of CGS Share Option (<i>Note ii</i>)	(5,234)	–
Effect of shareholder's loan (<i>Note iii</i>)	19,793	–
Share of results of associates	(21,793)	(259)
Share of reserve movement of associates for the year	1,312	2
	<u>245,934</u>	<u>7,046</u>
Share of net assets, as at 31 March		
	<u>245,934</u>	<u>7,046</u>
Amount due from an associate (<i>Note iv</i>)	30,076	–
	<u>30,076</u>	<u>–</u>
Amount due to an associate (<i>Note iv</i>)	(1,674)	(1,771)
	<u>(1,674)</u>	<u>(1,771)</u>

Particulars of the associates of the Group as at 31 March 2015 are as follows:

Name	Place of incorporation	Particulars of issued share capital	% of attributable interests held indirectly		Principal activities
			2015	2014	
Luk Fook Diamond Company Limited	Hong Kong	HK\$6,120,000	50%	50%	Manufacturing and wholesale of diamond products
China Gold Silver Group Company Limited (“CGS”)	Hong Kong	US\$3,334	50%	–	Retailing and franchising operations of gold and jewellery products in Hong Kong, Macau and Mainland China

Notes:

- (i) On 6 June 2014, the Company purchased a 50% shareholding in CGS, a wholly-owned subsidiary of Hong Kong Resources Holdings Limited (“HKRH”) which is engaged in the retailing and franchising operations of gold and jewellery products in Hong Kong, Macau and Mainland China under the brand name “3D-GOLD”, at a consideration of approximately HK\$245 million (the “Acquisition”).

The Group accounts for its holding of CGS as investment in an associated company using equity accounting method.

- (ii) Prior to the Acquisition, CGS issued to a third party a convertible bond in the principal amount of US\$5 million (equivalent to HK\$39 million) (“the MGIL CGS CB”). If the MGIL CGS CB is exercised by its holder, the Company’s equity interest in CGS will be diluted.

In order to maintain at least 50% ownership of CGS, the Company subscribed for a CGS Share Option (“CGS Share Option”) for US\$1. The exercise price of the CGS Share Option is US\$5 million at a rate of US\$24,390 per CGS conversion share.

The exercise period is from the date of issue to 3 months after (i) 15 January 2018 or (ii) the date as extended once by one year by mutual agreement.

As the CGS Share Option is negotiated as part of the Acquisition, the fair value of the CGS Share Option at its date of subscription is deducted from the initial investment consideration for the Acquisition at date of completion of the Acquisition.

The CGS Share Option was initially recognised at HK\$5,234,000 and no subsequent revaluation was performed at year end as the directors consider any change during the period is not material. The fair value at the date of completion of the Acquisition was assessed by an independent valuer by using the Trinomial Option Pricing Model.

- (iii) The amount of HK\$19,793,000 represents the difference between the nominal value of the shareholder’s loan and its fair value as mentioned in Note 10.

- (iv) Amount due from an associate of HK\$30,076,000 represents trade receivables due from the company.

Amount due from/(to) associates are denominated in HK\$ and are unsecured, interest-free and repayable on demand.

- (v) The Group’s associates did not have any significant capital commitments as at 31 March 2015 and 2014.

10 LOAN TO AN ASSOCIATE

Loan to an associate included under non-current assets:

In connection with the Acquisition, both of the Company and HKRH agreed each to provide funding of HK\$100,000,000 to CGS by way of shareholder loan for general working capital and business expansion purpose.

The shareholder loan is unsecured, interest-free and has no fixed term of repayment.

The difference between the nominal value of the loan and its fair value of HK\$80,207,000 at the time of the acquisition amounting to HK\$19,793,000 is regarded as part of the cost of the investment in CGS (Note 9).

Loan to an associate included under current assets:

On 5 November 2014, the Group and HKRH agreed each to provide a short term shareholder loan of HK\$20,000,000 to CGS. The short term shareholder loan is interest bearing at 2% per annum and repayable on 4 May 2015. The loan was subsequently extended.

11 DERIVATIVE FINANCIAL INSTRUMENT

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current portion		
Convertible bond (<i>Note i</i>)	66,735	–
	-----	-----
Current portion		
Gold future contracts	–	14,528
CGS Share Option	5,234	–
	-----	-----
	5,234	14,528
	=====	=====

Notes:

- (i) On 6 June 2014, the Company subscribed a convertible bond of HKRH of HK\$57,080,000 with 3% interest rate per annum and 5 years of maturity from the date of issuance. The conversion period commences on the 2nd anniversary of the issue date and expires on the date which is three days before its maturity.

The convertible bond comprises a loan receivable component and option component which together have been designated as derivative financial instrument by the Company. The convertible bond was initially recognised at HK\$57,080,000 and subsequently revalued to HK\$66,735,000 at year end.

The fair value as at year end was valued by an independent valuer by using the Trinomial Option Pricing Model. The key assumptions used are share price of HKRH of HK\$0.196, exercise price of HK\$0.18, dividend yield of 0%, effective interest rate of 20.66%, volatility of 48.52% and risk-free rate of 0.97%. The fair value gain of HK\$9,655,000 was included under “other gains, net” in the consolidated income statement.

12 TRADE RECEIVABLES

The Group's sales to retail customers comprised mainly cash sales and credit card sales. Concessionaire sales through department stores and sales to wholesale customers are generally on credit terms ranging from 0 to 90 days.

The ageing of trade receivables is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 30 days	145,674	160,058
31 – 60 days	49,004	38,850
61 – 90 days	2,163	14,295
91 – 120 days	1,033	8,334
Over 120 days	2,885	4,401
	<u>200,759</u>	<u>225,938</u>

The carrying amounts of trade receivables approximate their fair values.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
HK\$	24,750	45,597
RMB	161,040	159,130
MOP	12,912	19,376
Other currencies	2,057	1,835
	<u>200,759</u>	<u>225,938</u>

The credit quality of trade receivables has been assessed by reference to historical default rate of the counterparty. The existing counterparties have not defaulted in the past.

As at 31 March 2015, trade receivables of HK\$3,918,000 were past due but not considered impaired (2014: HK\$12,735,000), all of which were aged over 90 days.

13 SHARE CAPITAL AND SHARE PREMIUM

(a) Share capital

	2015		2014	
	<i>No. of shares</i>	<i>HK\$'000</i>	<i>No. of shares</i>	<i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.1 each	<u>800,000,000</u>	<u>80,000</u>	<u>800,000,000</u>	<u>80,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.1 each	<u>589,107,850</u>	<u>58,910</u>	<u>589,107,850</u>	<u>58,910</u>

(b) Share premium

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 31 March	<u>2,522,983</u>	<u>2,522,983</u>

14 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	217,909	337,992
Deposits from customers and licensees	333,236	260,726
Salaries and welfare payables	181,537	191,742
Other payables	104,720	94,209
Accrued expenses	64,724	94,454
	<u>902,126</u>	<u>979,123</u>

The ageing of trade payables is as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	171,675	251,741
31 – 60 days	41,532	73,086
61 – 90 days	3,395	9,336
91 – 120 days	1,285	2,148
Over 120 days	22	1,681
	<u>217,909</u>	<u>337,992</u>

The carrying amounts of trade payables and other payables approximate their fair values.

The carrying amounts of the Group's trade payables, other payables and accruals are denominated in the following currencies:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
HK\$	333,606	481,409
RMB	421,788	327,722
US\$	100,878	80,220
MOP	43,307	87,145
Other currencies	2,547	2,627
	<hr/> 902,126 <hr/>	<hr/> 979,123 <hr/>

FINANCIAL PERFORMANCE

Results

For the year ended 31 March 2015, the high base effect resulting from the “gold rushes” has been fading in the third and fourth quarters. However, slow economic recovery, currency depreciation and relaxed visa requirements in other popular tourist destinations such as Europe, Japan and Korea imposed negative impact on the consumer sentiment of tourists travelling to Hong Kong and Macau. All these hindered the recovery of the retail business of the Group. During the year under review, the Group recorded revenue of HK\$15,922,708,000 (2014: HK\$19,214,930,000). Despite that there was a 17.1% decline over that of previous year, it was the Group’s second highest record. Benefiting from the growth in the sales mix of gem-set jewellery products which bear relatively higher gross margin, overall gross margin improved by 2.2 p.p. to 24.1% (2014: 21.9%). Gross profit therefore decreased by 9.1% only to HK\$3,831,538,000 (2014: HK\$4,214,154,000). Due to the decrease in revenue, total operating expenses, though at similar level as that of last year, had its ratio to revenue increased to 13.1% (2014: 10.8%), which partly offset the benefit of the increase in overall gross margin. Operating profit decreased by 14.4% to HK\$1,976,211,000 (2014: HK\$2,308,755,000). Operating margin was 12.4% (2014: 12.0%). The profit attributable to equity holders decreased by 13.4% to HK\$1,614,805,000 (2014: HK\$1,864,928,000), which was better than expected and was also the Group’s second highest record. Basic earnings per share were HK\$2.74 (2014: HK\$3.17).

Overview

During the year under review, the Group opened a net total of 111 shops (among which 115 new licensed shops were opened and 4 self-operated shops were closed) in Mainland China, 3 new shops in Hong Kong and 1 licensed shop in Korea for the first time. As at 31 March 2015, the Group had a total of 1,383 shops globally in Mainland China, Hong Kong, Macau, Korea, Singapore, the United States, Canada and Australia.

The retail business continued to be the primary sales driver for the Group with its revenue declined by 22.3% to HK\$12,551,573,000 (2014: HK\$16,163,683,000), accounting for 78.8% (2014: 84.1%) of the Group’s total revenue. After the completion of the acquisition of 50% interest in the issued share capital of China Gold Silver Group Company Limited, an operating company engaging in jewellery retailing and franchising under the brandname of “3D-GOLD”, the Group became one of its suppliers. Together with the increase in number of licensed shops, the wholesale revenue grew by 14.8% over the previous year to HK\$2,793,382,000 (2014: HK\$2,432,916,000), accounting for 17.6% (2014: 12.7%) of the Group’s total revenue. Licensing income decreased by 6.6% to HK\$577,753,000 (2014: HK\$618,331,000), mainly because gold sales returned to a relatively normal level. It accounted for the remaining 3.6% (2014: 3.2%) of the Group’s total revenue. Gold products remained the most favourite item among customers and together with platinum products contributed approximately 60.2% (2014: 67.2%) of the Group’s total sales with a decrease of 26.1% (2014: +53.6%). Although there was a low

consumption sentiment in the overall market, the Group was successful in maintaining the sales of gem-set jewellery products. The mix of gem-set jewellery products of the Group's total sales therefore increased to 39.8% (2014: 32.8%) with its sales and gross profit tie with last year's level.

During the year under review, the overall same store sales growth* ("SSSG") of the Group was -28.3% (2014: +26.2%). SSSG for the Hong Kong and Macau market and the Mainland China market were -28.2% (2014: +23.6%) and -29.8% (2014: +45.4%) respectively. SSSG for gold and platinum products was -34.3% (2014: +37.9%) and that for gem-set jewellery products was -13.8% (2014: +5.0%).

The Group has been striving to offer more diversified products so that customers may have more choices. Since 2010, the Group has been endeavouring to expand the mid-to-high-end watch business. As at 31 March 2015, the Group was the authorised dealer carrying 38 watch brands, including AUDEMARS PIGUET, BALL and its BALL for BMW series, BULOVA, CERTINA, COINWATCH, CORUM, DOXA, ENICAR, ERNEST BOREL, GRONEFELD, H. MOSER & CIE, HAMILTON, TONINO LAMBORGHINI, LONGINES, LUDOVIC BALLOUARD, MAURICE LACROIX, MEMORIGIN, MIDO, OMEGA, RADO, TAG HEUER, TISSOT, URWERK, EMILE CHOURIET, HUBLOT, ARNOLD & SON, ZENITH, ORIS, BALMAIN, BVLGARI, EMPORIO ARMANI, BURBERRY, VICTORINOX, ETERNA, LOUIS ERARD, RESSENCE, TOKIMA and TRANS CONINENTS. For the year under review, the watch business contributed a revenue of HK\$320,444,000 (2014: HK\$301,176,000), representing 2.0% (2014: 1.6%) of the Group's total revenue with 6.4% growth over last year.

BUSINESS REVIEW

Hong Kong and Macau

Hong Kong market remained the key source of revenue for the Group, contributing approximately 59.8% (2014: 62.2%) of the Group's total revenue. Given the high base effect and consumers' preference for spending in other regions, its revenue decreased by 20.4% to HK\$9,513,081,000 (2014: HK\$11,957,141,000). As at 31 March 2015, the Group operated a total of 48 self-operated shops in Hong Kong, while three of which were newly opened during the year under review.

Mainland Chinese visitors continued to be the major driver for the retail business in Hong Kong. According to the statistics on visitor arrivals published by Hong Kong Tourism Board in January 2015, visitors arrivals from Mainland China in 2014 grew by 16.0% over the previous year and reached approximately 47,247,675. As mentioned in the Research Brief on "Four Pillars and Six Industries in Hong Kong: review and outlook" released by the Research Office of the Legislative Council Secretariat in February 2015, Mainland Chinese visitors contributed about one third of Hong

* Same store sales growth represents a comparison of sales of the same self-operated shop having full day operations in the comparable periods and such data does not include sales of licensed shops.

Kong's total retail sales in 2013. Per capita spending by Mainland Chinese visitors has exhibited decelerated growth because of the economic slowdown in Mainland China, the promotion of frugality by Chinese government and the growing popularity of other travel destinations. There was a trend of shorter stay period and reduced spending on luxury items in Hong Kong by Mainland tourists. All these led to decreased revenue generated by the Group's Hong Kong market.

The performance of Macau market was similar to that of Hong Kong market. According to the tourism statistics published by the Statistics and Census Service of Macau Special Administrative Region, visitor arrivals increased by 7.5% in 2014 to 31,525,600. Although the number of arrivals increased, revenue generated from Macau market, given the same high base effect and consumers' preference for spending in other regions, decreased by 21.5% to HK\$2,264,882,000 (2014: HK\$2,886,397,000), contributing 14.2% (2014: 15.0%) of the Group's total revenue. As at 31 March 2015, the Group had a total of 10 (2014: 10) self-operated shops in Macau.

The SSSG for gold and platinum products of Hong Kong and Macau was -34.2% (2014: +35.6%) and that for gem-set jewellery products was -14.9% (2014: +3.8%).

Mainland China

During the year under review, the Group successfully boosted the sales of gem-set jewellery products in Mainland China. Revenue from the Mainland China market was HK\$4,003,262,000 (2014: HK\$4,226,770,000), representing a slight decrease of 5.3% over last year despite the high base effect. This accounted for 25.1% (2014: 22.0%) of the Group's total revenue, further reducing the Group's business reliance on the Hong Kong and Macau market. The sales mix of gem-set jewellery products in Mainland China's retail business grew substantially from prior year's 13.5% to 21.2% and its sales mix in wholesale business grew from prior year's 69.8% to 76.6% in the year under review.

The SSSG for gold and platinum products of Mainland China was -35.8% (2014: +48.4%) and that for gem-set jewellery products was +10.5% (2014: +29.2%).

The Group strived to develop the Mainland China market by extending the retail network to relatively lower-tier cities so as to increase brand coverage. As mentioned in The World Gold Council's Gold Demand Trends report, annual gold demand totalled 3,923.7 tonnes in 2014 and the consumption demand was still on a rising trend. In the long run, with the accelerating urbanisation of third- and fourth-tier cities and stable increase in per capita disposable income, the population of the middle class will continue to grow. This will benefit the long-term development of the gold and gem-set jewellery markets.

As at 31 March 2015, the Group had 79 self-operated shops (2014: 83 self-operated shops) and 1,240 licensed shops (2014: 1,125 licensed shops) in Mainland China, adding to a total of 1,319 shops there (2014: 1,208 shops).

Overseas Development

Adhering to its motto “Brand of Hong Kong, Sparkling the World”, the Group has been seeking opportunities all over the world in recent years. During the year under review, the Group opened its first licensed shop in Korea. As at 31 March 2015, the Group has a total of 5 overseas self-operated shops (2014: 5), including 1 in Singapore, 2 in the United States, 1 in Canada and 1 in Australia.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 March 2015, the Group’s cash and bank balances were approximately HK\$2,090 million (2014: approximately HK\$1,805 million). The Group’s gearing ratio at the year-end, being proportion of total bank borrowings and gold loans of HK\$1,713 million (2014: HK\$568 million) against total shareholders’ equity of approximately HK\$8,536 million (2014: approximately HK\$7,641 million), was 20.1% (2014: 7.4%). Net cash was HK\$377 million (2014: HK\$1,237 million). The debt-to-equity ratio was 34.1% (2014: 24.7%), being proportion of total liabilities of HK\$2,911 million (2014: HK\$1,887 million) against total shareholders’ equity of approximately HK\$8,536 million (2014: approximately HK\$7,641 million).

The Group’s income and expenditure streams are mainly denominated in Hong Kong dollars.

Inventory

As at 31 March 2015, to accommodate the strategy of increasing the sales mix of gem-set jewellery products and the need for expansion of the wholesale business, the Group raised the inventory level of gem-set jewellery products significantly, resulting in the total inventory balance of HK\$7,395 million, representing an increase of 18.8% when compared to last year’s HK\$6,225 million. The average inventory turnover days was 209 days (2014: 138 days).

Capital Expenditure

During the year under review, the Group incurred capital expenditures of approximately HK\$255 million (2014: HK\$184 million), including the costs of properties, leasehold lands, land use rights, leasehold improvements, furniture, fixtures and equipments.

Capital Commitments

As at 31 March 2015, the Group had total capital commitments approximately HK\$10 million (2014: HK\$414 million).

Contingent Liabilities

As at 31 March 2015, the Group had outstanding financial guarantees amounting to HK\$780 million (2014: Nil) issued to several banks in respect of bank facilities granted to an associate.

Human Capital Policy

As at 31 March 2015, the number of employees of the Group was approximately 6,900 (2014: approximately 6,600). Remuneration policies were reviewed and approved by the management regularly to ensure fair rewards and compensation for employees. Remuneration packages were structured to be comparable to the market while bonuses and other merit payments were correlated to the performances of the Group and the employees. Such a reward system aims to use financial incentives to motivate employees to act in alignment with the Group's business performance objectives.

BRANDING

In order to align with the branding theme of "Love is Beauty", the Group has been building a brand image that is welcoming and warm-hearted, and strengthening customers' emotional attachment to the brand through outstanding marketing campaigns and excellent service programmes.

To enhance brand awareness more strategically and strengthen our leading position in the market, during the year under review, apart from making good use of traditional promotion platforms, the Group also captured the trend of rapid growth in the Internet usage. Advertisements on major social media platforms, portals, video websites and search engines were placed, while different types of interactive network games were organised in order to further enhance our brand exposure and lock the targeted audience more precisely, especially young customers. This enabled the Group's distinctive image to take root in people's minds.

The Group's tireless efforts in brand building have been well-received by the industry and market. During the year under review, the Group received numerous awards and recognition in branding, corporate management, service quality, community welfare and environmental protection, which are testimonies to the excellent achievements of the Group.

OUTLOOK

Due to the uncertainty of the global economy, economic slowdown in Mainland China and significant decline in the consumption of luxury goods as a result of the promotion of frugality by Chinese government, together with the adjustment to the policy of Individual Visit Scheme, and the weakening consumer sentiment of tourists, the Group remains prudent about our business growth in the coming year.

However, the Group is optimistic about the mid- to long-term business development. The Group will continue to utilise cross-selling techniques, offer more product series which are diversified and may meet mass market needs. This helps to entice customers' desire for consumption and boost the sales of gem-set jewellery products which bear relatively higher gross margin. The survey on "Mainland Jewellery Shoppers in Chinese Cities: Purchasing Habits and the Hong Kong Premium" published by Hong Kong Trade Development Council indicated that most interviewees wear jewellery mostly in "workplace and office". The Group will thus expediently penetrate into mid-end market by offering more affordable jewellery products to cater for the trend of trading down consumption.

With the slowing down of tourists from Mainland China, the Group will continue to optimise the retail network in Hong Kong to further strengthen the Group's leading position in the Hong Kong market. More diversified products offerings together with pertinent promotional activities will attract more local customer consumptions. As for the Mainland Chinese market, the income and purchasing power of Mainland China residents recorded a remarkable increase. However, approximately 80% of their consumption concentrates in their own cities, with only approximately 15% consumption expenditure in Hong Kong, Macau and Taiwan. Therefore, the Group will lift the mix of business in the Mainland China market by increasing 100 shops there, including around 20 new self-operated shops in the coming year. The Group will adopt a prudent expansion strategy and will continue to search for opportunities in the overseas market.

During the year under review, China Gems Laboratory Limited, a subsidiary of the Group, achieved ISO 11426 international accreditation on fire assay for gold jewellery and became the only gemmological laboratory in Hong Kong that meets the requirements of three HKAS ISO/IEC 17025 testing accreditations (jadeite testing, diamond testing and gold content testing). China Gems Laboratory Limited is also the first laboratory in Hong Kong to obtain GB/T9288 China national accreditation in gold testing. Furthermore, the Group entered into a three-year sightholder rough diamond sales contract with De Beers Group of Companies ("De Beers"), the world's largest diamond producer by value. This made us become one of the 84 sightholders of De Beers around the globe. It further demonstrates the Group's leading position in jewellery industry and facilitates the Group's manufacturing of more high quality diamond products. The Group believes that, in the long run, high quality product offering helps to enhance customers' brand loyalty and the Group's overall business development.

The e-commerce business gradually prospers with consumers from Mainland China particularly keen on shopping through the Internet and mobile devices. According to the data collected by China e-Business Research Center, the turnover of online shopping market in Mainland China for the year 2014 amounted to RMB2,800 billion. The Group will actively develop online sales platforms to create synergy between online platforms and physical stores, which will in turn strengthen our penetration into Mainland China

market. Currently, the Group has nine online sales platforms, including Tmall.com, VIP.com, JD.com and Suning.com. The Group will continue to gain access to more online and mobile shopping platforms, with a target to double the results of the Group's e-commerce business every year. It is also expected that potential customers can be attracted to shop in our offline physical stores by marketing, promoting and showcasing products on the Internet through O2O model. Not only does it provide more diverse shopping experiences for customers, it can also integrate distribution channels to further boost the growth of our retail business.

In the year ahead, with continuing uncertainty of global economy, the operating environment will remain challenging. SSSG for the first quarter this year is expected to be similar to that of the last quarter of the year under review (i.e. January to March 2015). However, in the long run, with the unique geography and tax advantage of Hong Kong and Macau, the leveraging on the cumulative brand awareness over the years, extensive retail network, management's effective sales strategy and increasing per capita income of Mainland China, there will still be strong customer demand for jewellery products. Outlook for jewellery industry remains promising, which will benefit the Group's continuous business development. Therefore, the Group will maintain its pragmatic and prudent business strategy, and will also take a proactive approach towards market challenges, thereby uplifting its competitive advantage and strengthening its leading position in the jewellery retail market.

FINAL DIVIDEND

The Board proposed a final dividend of HK\$0.55 per ordinary share for the year ended 31 March 2015 (2014: HK\$0.638 per share) to shareholders whose names appear on the register of members of the Company on 25 August 2015. Taking into account of the interim dividend payment, the total dividend for the year would amount to HK\$1.1 per ordinary share, totalling HK\$648,018,000 for the year (2014: HK\$1.268 per ordinary share, totalling HK\$746,989,000), a second highest record with a payout ratio of 40.1% (2014: 40.1%). Subject to the approval of the shareholders at the forthcoming annual general meeting (the "AGM") of the Company to be held on 19 August 2015, the final dividend will be paid on or around 3 September 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company for the AGM will be closed from 17 August 2015 to 19 August 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attendance at the AGM to be held on 19 August 2015, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 14 August 2015.

The register of members of the Company for the final dividend will also be closed on 25 August 2015 and no transfer of shares will be registered on that day. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 24 August 2015.

CORPORATE GOVERNANCE

The Board and management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2015 (the "Annual Period"), except for the following deviation:

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

In view of the increasing trend of business deriving from the Mainland China market, it is believed that Mr. WONG Wai Sheung being the Chairman and Chief Executive of the Company will further enhance the business development of the Group in the Mainland China market due to the norms in the Mainland China market on "status parity" when future business negotiations are conducted in Mainland China. Besides, members of the Board also include qualified professionals and other prominent and experienced individuals from our community. The Board considers that the existing Board composition, with the support of Board Committees and two Deputy Chairmen, can ensure a balance of power and authority.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as a code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, it is confirmed that all directors have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions during the Annual Period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Annual Period.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the financial statements of the Company for the year ended 31 March 2015. The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and related notes thereto for the year ended 31 March 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT 2015

This annual results announcement is published on the websites of the Hong Kong Exchanges and Clearing Limited (the "HKEx") (www.hkexnews.hk) and the Company (lukfook.com). The Annual Report 2015 will be despatched to the shareholders of the Company and will be published on the websites of the HKEx and the Company in due course.

APPRECIATION

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

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

Hong Kong, 25 June 2015

As at the date of this announcement, the Company's Executive Directors are Mr. WONG Wai Sheung (Chairman and Chief Executive), Mr. TSE Moon Chuen (Deputy Chairman), Ms. WONG Hau Yeung, Ms. WONG Lan Sze, Nancy and Ms. CHUNG Vai Ping; the Non-executive Directors are Mr. WONG Ho Lung, Danny (Deputy Chairman), Ms. YEUNG Po Ling, Pauline, Mr. HUI Chiu Chung, JP and Mr. LI Hon Hung, MH, JP; the Independent Non-executive Directors are Mr. TAI Kwok Leung, Alexander, Mr. IP Shu Kwan, Stephen, GBS, JP, Mr. MAK Wing Sum, Alvin and Ms. WONG Yu Pok, Marina, JP.