

 **香港珠寶**
H.K. JEWELRY CO.
HONG KONG JEWELLERY HOLDING LIMITED
香港珠寶控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8048)

**FIRST QUARTERLY RESULTS FOR THE
THREE MONTHS ENDED 31 MARCH 2015**

Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the “Directors”) of Hong Kong Jewellery Holding Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this announcement misleading.

FIRST QUARTERLY RESULTS ENDED 31 MARCH 2015

The Directors of the Company present herewith the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2015, together with the comparative figures for the corresponding period in 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 MARCH 2015

		(Unaudited)	
		Three months ended	
		31 March	
		2015	2014
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	58,284	61,786
Other income		1,119	1,145
Change in inventories		(1,717)	84,876
Purchase of goods		(13,711)	(106,295)
Professional fees		(3,361)	(4,762)
Employee benefits expenses		(39,729)	(37,691)
Depreciation and amortization		(622)	(1,496)
Other expenses		(12,496)	(8,770)
Finance costs	3	(92)	(94)
Loss before income tax		(12,325)	(11,301)
Income tax expense	4	(14)	(27)
Loss for the period		(12,339)	(11,328)
Other comprehensive income			
for the period, net of tax			
Exchange gain on translation of financial statements of foreign operations		—	719
Total comprehensive loss for the period		(12,339)	(10,609)

(Unaudited)
Three months ended
31 March

	2015	2014
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period attributable to:		
Owners of the Company	(10,825)	(9,752)
Non-controlling interests	<u>(1,514)</u>	<u>(1,576)</u>
	<u>(12,339)</u>	<u>(11,328)</u>
 Total comprehensive loss attributable to:		
Owners of the Company	(10,825)	(9,080)
Non-controlling interests	<u>(1,514)</u>	<u>(1,529)</u>
	<u>(12,339)</u>	<u>(10,609)</u>
 Loss per share for the loss attributable to the owners of the Company during the period – Basic and diluted (in HK cents)		
5	<u>(0.91) cents</u>	<u>(0.82) cents</u>

Notes:

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”). In this year, the accounting policies adopted by the Group are consistent with financial statements for the year ended 31 December 2014. The financial statements have been prepared on the historical cost basis, except for financial instruments classified as available-for-sale financial assets and financial assets at fair value through profit or loss which are stated at fair values.

2. REVENUE AND TURNOVER

Revenue from external customers from the Group’s principal activities recognized during the period is as follows:

	Three months ended	
	31 March	
	2015	2014
	HK\$’000	HK\$’000
Sales of gold and jewellery products	12,791	14,785
Enterprise software products	30,913	28,071
Systems integration	4,470	8,541
Professional services	10,110	9,459
ASP services	–	930
	<hr/>	<hr/>
Total revenue	58,284	61,786
	<hr/> <hr/>	<hr/> <hr/>

3. FINANCE COSTS

	Three months ended	
	31 March	
	2015	2014
	HK\$’000	HK\$’000
Interest charges on:		
Loan wholly repayable within five years	92	94
	<hr/>	<hr/>
	92	94
	<hr/> <hr/>	<hr/> <hr/>

4. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the financial statements as the Group's entities either incurred tax losses for the respective periods or their estimated assessable profits for the respective periods were wholly absorbed by unrelieved tax losses brought forward from previous years.

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

	Three months ended	
	31 March	
	2015	2014
	HK\$'000	HK\$'000
Current tax		
– Overseas Tax for the period	<u>14</u>	<u>27</u>
Total income tax expense	<u>14</u>	<u>27</u>

5. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the three months ended 31 March 2015 is based on the loss attributable to owners of the Company of HK\$10,825,000 (2014: HK\$9,752,000) and the weighted average number of ordinary shares of 1,188,460,000 (2014: 1,188,460,000) in issue during the period.

Diluted loss per share for the three months ended 31 March 2015 and 2014 equates the basic loss per share as there is no potential dilutive ordinary share in existence during the period.

RESERVES

Movements in reserves for the periods ended 31 March 2015 and 2014 were as follows:-

	Share Premium <i>HK\$'000</i>	Exchange Reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2015	220,438	6,418	(186,521)	40,335
Loss for the period	—	—	(10,825)	(10,825)
At 31 March 2015	220,438	6,418	(197,346)	29,510
At 1 January 2014	220,438	7,675	(159,502)	68,611
Loss for the period	—	—	(9,752)	(9,752)
Other comprehensive income				
Exchange gain on translation of financial statement of foreign operations	—	672	—	672
Total comprehensive loss for the period	—	672	(9,752)	(9,080)
At 31 March 2014	220,438	8,347	(169,254)	59,531

INTERIM DIVIDEND

The Directors do not recommend the payment of dividend for the three months ended 31 March 2015 (2014: Nil).

BUSINESS REVIEW

The Group's loss attributable to owners of the Company for the three months ended 31 March 2015 was HK\$10,825,000, comparing with a loss of HK\$9,752,000 in the same period of 2014.

During the period ended 31 March 2015, the Group recorded a turnover of HK\$58,284,000, representing a decrease of 6% compared with a turnover of HK\$61,786,000 in the same period of last year.

The sales of gold and jewellery products contributed HK\$12,791,000 (2014: HK\$14,785,000) to the turnover. For the IT Products and Services segment, the sales of enterprise software products increased by 10% to HK\$30,913,000 (2014: HK\$28,071,000). Systems integration business decreased by 48% to HK\$4,470,000 (2014: HK\$8,541,000) while professional services business increased slightly to HK\$10,110,000 (2014: HK\$9,459,000).

FUTURE PROSPECTS

As of the first quarter in 2015, Group has over a hundred of stores under the Group's brand of **H.K. JEWELRY** in mainland China. The number of stores was growing at such a promising pace that the brand had well penetrated into the prime commercial districts of the first and second tier cities. Compared to the earlier stages, our brand had gained considerable degree of popularity and reputations in the industry.

As the central government launched a number of measures to stabilize the economy, it is expected that the PRC economy will maintain a stable development in the coming year. After the market adjustment triggered by fluctuations in gold price, the jewellery market is likely to stabilize and may even pick up the growth trend. As a listed company focusing on the long-term development of the brand, the Group remains optimistic about the huge potential for consumption and opportunities in the jewellery market of the PRC.

The management continues to hold a cautiously optimistic view towards the IT Products and Services segment. The rapidly rising manpower costs in the IT industry have continued to impact the sales in the IT Products and Services segment, coupled with the slow business activities in early part of the year in the PRC, the results of the IT business in the past quarter were less than satisfactory. The management has taken steps to lower the cost of operation, including outsourcing part of the project management work, as well as bringing in a higher number of graduates straight from universities. As recognized by the management, managing people is the most significant cost items in the IT industry and is currently the most important factor in putting the IT business back on path to a healthy growth.

Overall, the Group will continue to vigorously promote the development strategy of **HK** H.K. JEWELRY. With effective internal management and adhering to our usual good practice, the management will enhance corporate governance and further optimize the existing business structure, while aggressively seeking new opportunities for business development and investment.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

At 31 March 2015, the interests and short positions of the directors and the chief executives of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.46 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"), were as follows:

Long positions in the ordinary shares of HK\$0.10 each of the Company

Name of director	Number of ordinary shares held			Total	Percentage of the issued share capital of the Company
	Beneficial owner	Held by family	Held by controlled corporation		
Ms. Li Xia	–	–	312,606,140 (Note 1)	312,606,140	26.30%
Mr. Lin Di	–	–	124,950,166 (Note 2)	124,950,166	10.51%
Mr. Chen Yin	–	–	110,303,827 (Note 3)	110,303,827	9.28%

Notes:

- (1) These shares were held by Sino Eminent Limited, a company incorporated in the British Virgin Islands, and is owned as to 25% by Ocean Expert Investments Limited and 75% by 深圳市藝華珠寶首飾股份有限公司 (Shenzhen Yihua Jewelry Co., Ltd), a company incorporated in the PRC which is held as to 80% by Mr. Zhuang Ruping. Accordingly, Mr. Zhuang Ruping is deemed to be interested in 312,606,140 shares held by Sino Eminent Limited by virtue of Sino Eminent Limited being controlled by Mr. Zhuang Ruping through his shareholding in 深圳市藝華珠寶首飾股份有限公司 (Shenzhen Yihua Jewelry Co., Ltd). Ocean Expert Investments Limited is a limited company incorporated in the British Virgin Islands which is wholly owned by Ms. Li Xia. Ms. Li Xia is deemed to be interested in 312,606,140 shares held by Sino Eminent Limited by virtue of Sino Eminent Limited being controlled by Ms. Li Xia through her shareholding in Ocean Expert Investments Limited and through her acting as the sole director of Sino Eminent Limited.

- (2) These shares were held by Confluence Holdings Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Mr. Lin Di.
- (3) These shares were held by Flourish Zone Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Mr. Chen Yin.

Save as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2015.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2015, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions in the ordinary shares of HK\$0.10 each of the Company

Name of shareholder	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Sino Eminent Limited (<i>Note 1</i>)	312,606,140	26.30%
深圳市藝華珠寶首飾股份有限公司 (<i>Note 1</i>) (Shenzhen Yihua Jewelry Co., Ltd)	312,606,140	26.30%
Ocean Expert Investments Limited (<i>Note 1</i>)	312,606,140	26.30%
Ms. Li Xia (<i>Note 1</i>)	312,606,140	26.30%
Mr. Zhuang Ruping (<i>Note 1</i>)	312,606,140	26.30%
Confluence Holdings Limited (<i>Note 1</i>)	124,950,166	10.51%
Mr. Lin Di (<i>Note 1</i>)	124,950,166	10.51%
CK Hutchison Holdings Limited (<i>Note 2</i>)	143,233,151	12.05%
Li Ka-Shing Unity Trustee Company Limited (<i>Note 2</i>) (as trustee of The Li Ka-Shing Unity Trust)	143,233,151	12.05%
Li Ka-Shing Unity Trustcorp Limited (<i>Note 2</i>) (as trustee of another discretionary trust)	143,233,151	12.05%
Li Ka-Shing Unity Trustee Corporation Limited (<i>Note 2</i>) (as trustee of The Li Ka-Shing Unity Discretionary Trust)	143,233,151	12.05%
Mr. Li Ka-shing (<i>Note 2</i>)	143,233,151	12.05%
Flourish Zone Limited (<i>Note 1</i>)	110,303,827	9.28%
Mr. Chen Yin (<i>Note 1</i>)	110,303,827	9.28%
Alps Mountain Agent Limited (<i>Note 2</i>)	71,969,151	6.06%
iBusiness Corporation Limited (<i>Note 2</i>)	67,264,000	5.66%

Notes:

- (1) These shares have been disclosed as Directors' interests held by controlled corporation in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company".
- (2) Mr. Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in The Li Ka-Shing Unity Trust ("UT1") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children and Mr. Li Tzar Kai, Richard. Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of UT1 together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings as they together hold more than one-third of the issued share capital of CK Hutchison Holdings Limited ("CK Hutchison"). CK Hutchison is entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings of Alps Mountain Agent Limited ("Alps") and iBusiness Corporation Limited ("iBusiness").

The entire issued share capital of each of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of CK Hutchison by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee, when performing its functions, and exercises its power to hold interests in the shares of CK Hutchison independently without any reference to Unity Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

By virtue of the SFO, each of Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, TUT1, TDT1, TDT2 and CK Hutchison is deemed to be interested in the 143,233,151 shares of the Company of which 71,969,151 shares are held by Alps and 67,264,000 shares are held by iBusiness.

Save as disclosed above, the Company has not been notified of any other interests or short positions in the issued share capital of the Company at 31 March 2015.

AUDIT COMMITTEE

The Company established an audit committee on 11 August 2000 with written terms of reference in accordance with Rules 5.28 to 5.29 of the GEM Listing Rules. The audit committee is currently comprised three members – Mr. Lam Tin Faat, Ms. Lu Haina and Ms. Na Xin, all of whom are Independent Non-executive Directors. Mr. Lam Tin Faat is the chairman of the audit committee. The audit committee’s principal duties are to review and supervise the financial reporting process and internal control procedures of the Group.

The unaudited consolidated results of the Group for the three months ended 31 March 2015 have been reviewed by the audit committee, who is of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

None of the directors, the management shareholders or their respective associates (as defined in the GEM Listing Rules) had an interest in a business which causes or may cause significant competition with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’ S LISTED SECURITIES

During the nine months period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

By order of the Board
Hong Kong Jewellery Holding Limited
Ms. Li Xia
Chairman

Hong Kong, 8 May 2015

The Board comprises of:

Ms. Li Xia (*Executive Director*)
Mr. Lin Di (*Executive Director*)
Mr. Chen Yin (*Executive Director*)
Mr. Lam Tin Faat (*Independent Non-executive Director*)
Ms. Lu Haina (*Independent Non-executive Director*)
Ms. Na Xin (*Independent Non-executive Director*)

This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least seven days from the date of its posting and on the website of the Company at www.hkjewelry.net.