



king fook holdings limited
景福集團有限公司

FOR THE YEAR ENDED 31ST MARCH, 2015
ANNUAL REPORT

Stock Code: 280



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Corporate Information

Board of Directors	<ul style="list-style-type: none"> * Mr. Yeung Ping Leung, Howard (<i>Chairman</i>) * Mr. Tang Yat Sun, Richard, B.Sc., M.B.A., B.B.S., J.P. (<i>Vice Chairman</i>) * Mr. Cheng Ka On, Dominic * Ms. Fung Chung Yee, Caroline + Mr. Lau To Yee + Mr. Cheng Kar Shing, Peter Mr. Wong Wei Ping, Martin + Mr. Ho Hau Hay, Hamilton + Mr. Sin Nga Yan, Benedict + Mr. Cheng Kwok Shing, Anthony <p style="margin-left: 20px;">* <i>Executive Directors</i></p> <p style="margin-left: 20px;">+ <i>Independent Non-executive Directors</i></p>
Company Secretary	Ms. Cheung Kit Man, Melina
Auditor	BDO Limited <i>Certified Public Accountants</i>
Principal Bankers	Hang Seng Bank Limited The Bank of East Asia, Limited The Hongkong and Shanghai Banking Corporation Limited
Solicitors	Jennifer Cheung & Co.
Registered Office	9th Floor, King Fook Building 30-32 Des Voeux Road Central Hong Kong
Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at The Ballroom, 18th Floor, The Mira Hong Kong, 118 Nathan Road, Kowloon, Hong Kong on Monday, 21st September, 2015 at 12:00 noon for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and independent auditor for the year ended 31st March, 2015.
2. To elect directors and to authorise the board of directors to fix their remuneration.
3. To appoint auditor and to authorise the board of directors to fix its remuneration.
4. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) subject to paragraph (c), the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue or scrip dividend scheme or similar arrangement of the Company, shall not exceed 20 per cent. of the total number of shares of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law to be held; and

Notice of Annual General Meeting (Continued)

- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

By order of the Board
Cheung Kit Man, Melina
Company Secretary

Hong Kong, 24th July, 2015

Registered office:

9th Floor
King Fook Building
30-32 Des Voeux Road Central
Hong Kong

Note: A member entitled to attend and vote at the meeting convened by the above notice (the “Meeting”) is entitled to appoint not more than two proxies (except a member who is a clearing house or its nominee may appoint more than two proxies) to attend and vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company’s registered office together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours (excluding any part of a day that is a public holiday) before the time for holding the Meeting or adjourned Meeting.

Brief Biographical Details of the Directors and the Senior Management

DIRECTORS

Mr. Yeung Ping Leung, Howard (*Chairman*)

Aged 58. An independent non-executive director of New World Development Company Limited and Miramar Hotel and Investment Company, Limited. Appointed as a director and the chairman of the Company in 1987 and 1998 respectively.

Mr. Tang Yat Sun, Richard, B.Sc., M.B.A., B.B.S., J.P. (*Vice Chairman*)

Aged 62. A MBA graduate from The University of Santa Clara, California, USA and a holder of Bachelor of Science degree in Business Administration from Menlo College, California, USA. The chairman and managing director of Richcom Company Limited. An executive director of Miramar Hotel and Investment Company, Limited. An independent non-executive director of Hang Seng Bank Limited and Wheelock and Company Limited. A director of various private business enterprises. An advisor of Tang Shiu Kin and Ho Tim Charitable Fund. Appointed as a director and the vice chairman of the Company in 1987 and 1998 respectively.

Mr. Cheng Ka On, Dominic

Aged 65. A director of Miramar Hotel and Investment Company, Limited. The managing director of the Onflo International Group of Companies. Appointed as a director of the Company in 1987.

Ms. Fung Chung Yee, Caroline

Aged 62. Joined the Group in 1983. Appointed as a director of the Company in 1987.

Mr. Lau To Yee (*Independent Non-executive Director*)

Aged 77. Appointed as an independent non-executive director of the Company in 1994.

Mr. Cheng Kar Shing, Peter (*Independent Non-executive Director*)

Aged 62. A director of New World Development Company Limited, New World Hotels (Holdings) Limited and Chow Tai Fook Enterprises Limited. An executive director of New World China Land Limited. The deputy managing director of New World Development (China) Ltd. Appointed as an independent non-executive director of the Company in 1997.

Mr. Wong Wei Ping, Martin

Aged 73. A director of Citizen Thunderbird Travel Limited and Columbia Express Limited. Appointed as a director of the Company in 2000.

Mr. Ho Hau Hay, Hamilton (*Independent Non-executive Director*)

Aged 64. An independent non-executive director of New World Development Company Limited. An executive director of Honorway Investments Limited and Tak Hung (Holding) Company Limited. Appointed as a director of the Company in 2004 and re-designated as an independent non-executive director of the Company on 29th June, 2012 respectively.

Brief Biographical Details of the Directors and the Senior Management (Continued)

DIRECTORS (Continued)

Mr. Sin Nga Yan, Benedict *(Independent Non-executive Director)*

Aged 51. A director and general manager of Myer Jewelry Manufacturer Limited. A member of the Australian Society of Certified Practising Accountants. A solicitor of the Supreme Court of New South Wales, Australia, the Supreme Court of England and Wales and the High Court of Hong Kong. The chairman of the Jewellery Advisory Committee and a committee member of the Fair Organising Committee of The Hong Kong Trade Development Council. A permanent honorary director of The Federation of Hong Kong Watch Trades & Industries Limited. The chairman of the Council of Management of Hong Kong Jewellery & Jade Manufacturers Association. A member of the Assembly of General Committee of Hong Kong Jewelry Manufacturers' Association. Appointed as a director of the Company in 2006 and re-designated as an independent non-executive director of the Company on 29th June, 2012 respectively.

Mr. Cheng Kwok Shing, Anthony *(Independent Non-executive Director)*

Aged 68. A Fellow and a Certified Public Accountant (Practising) of The Hong Kong Institute of Certified Public Accountants. Has over 40 years of experience in auditing and accounting field. Appointed as an independent non-executive director of the Company in 2013. Chairman of the Audit Committee and Remuneration Committee of the Company.

(Mr. Wong Wei Ping, Martin is the brother-in-law of Mr. Yeung Ping Leung, Howard.)

SENIOR MANAGEMENT

Ms. Wong Ka Ki, Kay

Aged 57. The general manager of the Group. She joined the Group in 1999 and is responsible for the Group's overall management and business development. She has extensive management experience in the service and retail industry.

Mr. Luk Kwing Yung

Aged 67. The general manager of King Fook Jewellery Group Limited. He has extensive management experience in the retail industry, specialising in gold, jewellery and watch retailing. He has been with the Group for 49 years.

Mr. Kwong Chun Chung

Aged 47. He joined the Group in 2015 and is the financial controller of the Group. He has 21 years of experience in the field of finance, auditing and accounting. He holds a MBA degree from the Chinese University of Hong Kong. He is also a member of the Hong Kong Institute of Certified Public Accountants.

On behalf of the Board of Directors, I present the annual report of the Group for the year ended 31st March, 2015.

During the year ended 31st March, 2015, the Group recorded a turnover from retailing business of HK\$817,617,000, a decrease of 27.8% compared with the previous year. For the year ended 31st March, 2015, the Group's consolidated loss attributable to the shareholders of the Company from continuing operations increased 17.0% to HK\$149,251,000, while the loss per share increased to HK22.9 cents. The Board of Directors does not recommend the payment of a final dividend in respect of the year ended 31st March, 2015.

In the year under review, the Hong Kong luxury goods retail market showed a general decline as spending of the tourists from Mainland China was adversely affected by Mainland China's decelerating economic growth and Chinese Government's anti-extravagant campaign, and local consumption sentiment was negatively impacted by the outbreak of the "Occupy Central" protests.

Looking ahead, the Group expects the sluggish market conditions will continue and the challenge to luxury goods retail market is severe. Nevertheless, the Group will enhance its competitiveness by various ways and the management remains confident that our Group is well positioned to provide exquisite, stylish and finest quality products to its customers.

To meet the challenge of the adverse market condition expected in the current financial year, the Group will explore various means to strengthen its financial position and to optimise its capital structure, including possible fund raising exercises such as, among various means, rights issue, open offer and/or issue of convertible securities.

On behalf of the Board, I would like to take this opportunity to express my appreciation to our customers, suppliers, shareholders and business partners for their continuous support and to the management and all the employees of the Group for their dedication and hard work.

Yeung Ping Leung, Howard

Chairman

Hong Kong, 25th June, 2015

Management Discussion and Analysis

FINANCIAL REVIEW

Overall Group Results

The results of the Group for the year ended 31st March, 2015 and the state of affairs of the Group as at that date are set out in the consolidated financial statements on pages 28 to 81.

The Group's revenue for the year under review decreased by 27.6% as compared with that for the previous year. The Group's consolidated loss attributable to the shareholders of the Company for the year ended 31st March, 2015 was HK\$149,251,000 (2014: HK\$131,229,000). The loss per share was HK22.9 cents (2014: HK21.8 cents).

A list of key financial ratio is set out in the Five Year Financial Summary on page 83.

Retailing

Turnover of the Group's retailing business for the year decreased by 27.8% from HK\$1,132,248,000 to HK\$817,617,000 over the previous year mainly as a result of continuous downturn of the luxury goods retail market and decline in tourist and local consumption.

Bullion Trading

Turnover of the Group's bullion trading for the year recorded a decrease of 35.4% to HK\$10,083,000 as compared with the previous year due to customers' demand for gold bullion gradually normalised in the year under review, after the exceptional high base caused by the gold rush following the drastic unprecedented slump in international gold price during the financial year ended 31st March, 2014.

Investments

During the year ended 31st March, 2015, the Group has disposed of all of its equity securities listed outside Hong Kong under available-for-sales investments.

Finance

As at 31st March, 2015, the Group's current assets and current liabilities were about HK\$894,982,000 and HK\$199,419,000 respectively. There were cash and cash equivalents of about HK\$117,788,000, bank loans of about HK\$147,500,000 and unsecured gold loans of about HK\$17,559,000.

Based on the total borrowings of the Group of about HK\$165,059,000 and the capital and reserves attributable to the shareholders of the Company of about HK\$707,455,000 as at 31st March, 2015, the overall borrowings to equity ratio was 23.3%, which was at a healthy level.

The Group reviews its foreign currency exposure regularly and does not consider its foreign currency risk to be significant.

Management Discussion and Analysis (Continued)

BUSINESS REVIEW AND OUTLOOK

Business Review

The Group's turnover from retailing business for the year ended 31st March, 2015 decreased by 27.8% to HK\$817,617,000 (2014: HK\$1,132,248,000), following the general decline of the Hong Kong luxury goods retail market. During the year under review, spending of the tourists from Mainland China was adversely affected by Mainland China's decelerating economic growth and Chinese Government's anti-extravagant campaign, which in turn had seriously affected the luxury goods retail market. Moreover, local consumption sentiment was negatively impacted by the outbreak of the "Occupy Central" protests during the period from September to December 2014.

In response to these challenges, the Group offered more aggressive discount to attract sales, and gross profit margin squeezed from 23.7% in the previous year to 20.9% in this year. During the year under review, the Group closed down or downsized five underperformed shops to consolidate the floor areas of its retail shops in Hong Kong in order to counter-balance the declining climate in the luxury goods retail market.

The Group's consolidated loss attributable to the shareholders of the Company from continuing operations for the year ended 31st March, 2015 was HK\$149,251,000 (2014: HK\$127,603,000), representing an increase of 17.0% from the previous year. In the previous year, the Group had applied for cessation of its securities broking business (the "Discontinued Operation") and recorded a consolidated loss attributable to the shareholders of the Company from the Discontinued Operation amounting to HK\$3,626,000. There was no profit or loss from the Discontinued Operation for the year under review.

Outlook

The Hong Kong luxury goods retail market has not recovered since the outbreak of "Occupy Central" protests, and has further deteriorated by weakened consumption patterns and decreased spending of tourists from Mainland China. The Group expects the sluggish market conditions will continue and the challenge to the luxury goods retail market is severe.

Looking forward, 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 tourists' needs and the local market. With implementation of rigorous costs control, the Group has successfully reduced the distribution and selling costs and administrative expenses in the second half of the year under review. The slowdown of the luxury goods retail market has already eased rental pressure, and some correction in rental would be expected. Moreover, the management will improve operating efficiency by streamlining the operations and optimising internal resources.

With its solid foundation and reputation, the Group is well positioned to provide exquisite, stylish and finest quality products to its customers. The management will continue launching various marketing activities and promotional events to maintain relationship with existing customers and attract new customers. Online consumption continues to trend up and is beginning to seriously influence the local retail market. The Group will take steps to develop an online platform for e-Commerce which may enable the management to better gauge customers' consumption patterns so as to more effectively localise or personalise products offerings and enhance sales efficiency. The online platform may also help directing internet users to visit the Group's retail shops personally.

To meet the challenge of the adverse market condition expected in the current financial year, the Group will explore various means to strengthen its financial position and to optimise its capital structure, including possible fund raising exercise such as, among various means, right issue, open offer and/or issue of convertible securities.

Management Discussion and Analysis (Continued)

INTERNAL CONTROL

BDO Limited has reviewed the Group's internal control matters relevant to the preparation and the true and fair presentation of the Group's consolidated financial statements for the year ended 31st March, 2015 as part of its audit work, but its review was not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. With the assistance of the internal audit department, the audit committee continually endeavours to identify areas for improvement.

EMPLOYEES AND EMOLUMENT POLICY

As at 31st March, 2015, the Group had about 212 employees. The employees (including directors) are remunerated according to the nature of their jobs, experience and contribution to the Group. The Group has an incentive bonus scheme to reward the employees based on their performance. It also provides training programs to employees to improve the standard of customer services and for their further advancement.

The Company had adopted a share option scheme whereby options might be granted to employees and directors of the Group as incentive for them to contribute to the business of the Group. No option had been granted by the Company before the expiry of such share option scheme on 26th August, 2014.

The directors would like to present their report together with the audited consolidated financial statements for the year ended 31st March, 2015.

PRINCIPAL ACTIVITIES AND SEGMENT ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 37 to the financial statements.

An analysis of the Group's performance for the year, which arose mainly in Hong Kong, by business segments is set out in note 4 to the financial statements.

RESULTS AND APPROPRIATIONS

The results for the year are set out in the consolidated income statement on page 28.

The directors resolved not to declare an interim dividend (2014: Nil) for the year ended 31st March, 2015.

The directors have resolved not to recommend the payment of a final dividend (2014: Nil) for the year ended 31st March, 2015.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 31 and note 36 to the financial statements respectively.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31st March, 2015, calculated in accordance with Section 79B of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance, amounted to HK\$163,487,000.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment are set out in note 15 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 83.

Report of the Directors (Continued)

MAJOR SUPPLIERS AND CUSTOMERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers were as follows:

Purchases

- the largest supplier	33%
- five largest suppliers combined	84%

Sales

- the largest customer	1%
- five largest customers combined	5%

None of the directors, their associates or any shareholders (who to the knowledge of the directors owns more than 5% of the Company's issued share capital) had an interest in the major suppliers or customers noted above.

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

- * Mr. Yeung Ping Leung, Howard
- * Mr. Tang Yat Sun, Richard
- * Mr. Cheng Ka On, Dominic
- * Mr. Yeung Bing Kwong, Kenneth (resigned on 30th April, 2015)
- * Ms. Fung Chung Yee, Caroline
- + Mr. Lau To Yee
- + Mr. Cheng Kar Shing, Peter
- Mr. Wong Wei Ping, Martin
- + Mr. Chan Chak Cheung, William (resigned on 15th April, 2014)
- + Mr. Ho Hau Hay, Hamilton
- + Mr. Sin Nga Yan, Benedict
- + Mr. Cheng Kwok Shing, Anthony

* *Executive Directors*

+ *Independent Non-executive Directors*

Brief biographical details of the directors of the Company are set out on pages 5 and 6.

The Company confirms that it has received letters of confirmation of independence from all of the independent non-executive directors in accordance with Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and considers that the independent non-executive directors are independent.

The Company entered into a service agreement with Verbal Company Limited ("Verbal") whereby Verbal provided the services of Mr. Yeung Ping Leung, Howard to the Group for the year ended 31st March, 2015 at fees totalling HK\$1,500,000. Mr. Yeung Ping Leung, Howard and Mr. Tang Yat Sun, Richard are directors of Verbal and Mr. Yeung Ping Leung, Howard has a beneficial interest in Verbal. None of the directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation. No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS (Continued)

In accordance with Article 116 of the Company's Articles of Association, Mr. Wong Wei Ping, Martin, Mr. Sin Nga Yan, Benedict, Mr. Ho Hau Hay, Hamilton and Mr. Lau To Yee will retire by rotation at the coming annual general meeting of the Company and, being eligible, have offered themselves for re-election. Details of such directors as required under Rule 13.51(2) of the Listing Rules are as follows:

Mr. Wong Wei Ping, Martin, aged 73, is a non-executive director and a member of the Audit Committee of the Company. He is a director of Citizen Thunderbird Travel Limited and Columbia Express Limited. Mr. Wong is the brother-in-law of Mr. Yeung Ping Leung, Howard (the chairman and an executive director of the Company) and Mr. Yeung Bing Kwong, Kenneth (a former director of the Company). He has no interest in the shares of the Company within the meaning of Part XV of the Securities & Futures Ordinance (the "SFO"). He was appointed as a director of the Company in 2000.

Mr. Sin Nga Yan, Benedict, aged 51, is an independent non-executive director of the Company. He is a director and general manager of Myer Jewelry Manufacturer Limited. Mr. Sin is a member of the Australian Society of Certified Practising Accountants and a solicitor of the Supreme Court of New South Wales, Australia, the Supreme Court of England and Wales and the High Court of Hong Kong. He is the chairman of the Jewellery Advisory Committee and a committee member of the Fair Organising Committee of The Hong Kong Trade Development Council, a permanent honorary director of The Federation of Hong Kong Watch Trades & Industries Limited, the chairman of the Council of Management of Hong Kong Jewellery & Jade Manufacturers Association and a member of the Assembly of General Committee of Hong Kong Jewelry Manufacturers' Association. Mr. Sin has no relationship with any directors, senior management or substantial or controlling shareholders of the Company, and has no interest in the shares of the Company within the meaning of Part XV of the SFO. He was appointed as a director of the Company in 2006 and re-designated as an independent non-executive director of the Company on 29th June, 2012 respectively.

Mr. Ho Hau Hay, Hamilton, aged 64, is an independent non-executive director of the Company. Mr. Ho is an independent non-executive director of New World Development Company Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He is an executive director of Honorway Investments Limited and Tak Hung (Holding) Company Limited ("Tak Hung"). Mr. Ho has no relationship with any directors, senior management or substantial or controlling shareholders of the Company. He is deemed to be interested in 4,755,000 shares of the Company within the meaning of Part XV of the SFO, such shares being held by Tak Hung in which he has a 40% interest. He was appointed as a director of the Company in 2004 and re-designated as an independent non-executive director of the Company on 29th June, 2012 respectively.

Mr. Lau To Yee, aged 77, is an independent non-executive director and a member of the Audit Committee of the Company. He has no relationship with any directors, senior management or substantial or controlling shareholders of the Company. Mr. Lau has no interest in the shares of the Company within the meaning of Part XV of the SFO. He was appointed as an independent non-executive director of the Company in 1994.

The above retiring directors do not have any service contract with the Company. They are not appointed for a specific term but each of them is subject to retirement by rotation at least once every three years in accordance with the Articles of Association of the Company.

Report of the Directors (Continued)

DIRECTORS (Continued)

For the year ended 31st March, 2015, Mr. Wong Wei Ping, Martin, Mr. Sin Nga Yan, Benedict, Mr. Ho Hau Hay, Hamilton and Mr. Lau To Yee received directors' fees from the Group of HK\$35,000, HK\$70,000, HK\$70,000 and HK\$70,000 respectively, which are nominal.

The above retiring directors confirm that save as disclosed above, there is no information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other matter that need to be brought to the attention of the shareholders of the Company.

Mr. Lau To Yee has served as an independent non-executive director of the Company for more than 9 years. The board of directors of the Company considers that he is still independent as he complies with Rule 3.13 of the Listing Rules and acts independently in the discharge of his duty to the Company, and should be re-elected so that the Group can continue to benefit from his valuable experience.

The directors of the subsidiaries of the Company include some directors of the Company and Mr. Cao Xin, Mr. Chik Kwok Wai, Stephen, Mr. Chung Tang Ching, Mr. Fung Tin Po, Ms. Lai Wing Yin, Victoria, Mr. Leung Yiu Wai, Mr. Liang Cheung Biu, Thomas, Mr. Lo Kun Io, Mr. Luk Kwing Yung, Ms. Wong Ka Ki, Kay, Ms. So Yuet Kuen, Brenda and Mr. Yee Kwan Yeung.

DIRECTORS' INTERESTS

As at 31st March, 2015, the interests of the directors and chief executive of the Company in the share capital of the Company as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules were as follows:

Name	Number of ordinary shares held			Total	Percentage of shareholding
	Personal	Family	Corporate		
Mr. Tang Yat Sun, Richard	5,377,500	Nil	*22,551,000	27,928,500	4.28%
Mr. Cheng Ka On, Dominic	2,622,000	Nil	Nil	2,622,000	0.40%
Mr. Ho Hau Hay, Hamilton	Nil	Nil	*4,755,000	4,755,000	0.73%

These shares were held by Daily Moon Investments Limited ("Daily Moon") in which Mr. Tang has a 100% interest. Mr. Tang is deemed to be interested in all these shares held by Daily Moon.

* These shares were held by Tak Hung in which Mr. Ho has a 40% interest. Mr. Ho is deemed to be interested in all these shares held by Tak Hung.

Save as disclosed above, as at 31st March, 2015, none of the directors or chief executive of the Company had any interests or short positions in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

DIRECTORS' INTERESTS (Continued)

Save as disclosed below, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year:

- The Group (as tenant) entered into various tenancy agreements (the "King Fook Leases") on normal commercial terms with Stanwick Properties Limited (as landlord) (a wholly owned subsidiary of Yeung Chi Shing Estates Limited, a substantial shareholder of the Company) on 13th August, 2013 in respect of premises in King Fook Building, 30-32 Des Voeux Road Central, Hong Kong for a term of two years from 16th August, 2013 to 15th August, 2015. The leased properties are used as the key retail outlet and the headquarters of the Group. With the consent of the landlord, the tenancy agreement for 6th Floor of King Fook Building was terminated effective from 15th June, 2015.

Major terms of the King Fook Leases are as follows:

Basement and Ground Floor, King Fook Building

Tenant	Rent per month	Management fees and air-conditioning charges per month
King Fook Jewellery Group Limited	HK\$692,610.00	HK\$21,037.50

Mezzanine Floor, King Fook Building

Tenant	Rent per month	Management fees and air-conditioning charges per month
the Company	HK\$41,415.00	HK\$9,412.50

3rd Floor (including a flat roof), King Fook Building

Tenant	Rent per month	Management fees and air-conditioning charges per month
the Company	HK\$41,860.00	HK\$13,650.00

5th Floor, King Fook Building

Tenant	Rent per month	Management fees and air-conditioning charges per month
the Company	HK\$41,580.00	HK\$9,450.00

6th Floor, King Fook Building

Tenant	Rent per month	Management fees and air-conditioning charges per month
King Fook Jewellery Group Limited	HK\$41,580.00	HK\$9,450.00

Report of the Directors (Continued)

DIRECTORS' INTERESTS (Continued)

7th Floor, King Fook Building

Tenant	Rent per month	Management fees and air-conditioning charges per month
King Fook Jewellery Group Limited	HK\$41,580.00	HK\$9,450.00

8th Floor, King Fook Building

Tenant	Rent per month	Management fees and air-conditioning charges per month
King Fook Jewellery Group Limited	HK\$41,580.00	HK\$9,450.00

9th Floor, King Fook Building

Tenant	Rent per month	Management fees and air-conditioning charges per month
the Company	HK\$41,580.00	HK\$9,450.00

10th Floor, King Fook Building

Tenant	Rent per month	Management fees and air-conditioning charges per month
King Fook Jewellery Group Limited	HK\$41,580.00	HK\$9,450.00

- King Fook Jewellery Group Limited (as tenant) entered into a tenancy agreement dated 12th April, 2013 with Fabrico (Mfg) Limited (as landlord) (a wholly owned subsidiary of Yeung Chi Shing Estates Limited) relating to Apartment F, 3rd Floor, Comfort Building, 88 Nathan Road, Kowloon for a term of two years from 1st April, 2013 at the monthly rent of HK\$25,000 exclusive of rates. With the consent of the landlord, the said tenancy agreement was terminated effective from 20th June, 2014. A new tenancy agreement dated 13th January, 2015 was entered into by the same parties relating to the said premises at the monthly rent of HK\$15,000 (exclusive of rates) commencing from 1st January, 2015 on a monthly basis until any party serving one month's advance notice of termination on the other party.
- The Company entered into an agreement with Stanwick Properties Limited pursuant to which the Company is granted the right to use the furniture and fixture at 3rd Floor of King Fook Building (which is used by the Group as conference rooms) for a term of two years from 16th August, 2013 to 15th August, 2015 at the monthly fee of HK\$25,480.

DIRECTORS' INTERESTS (Continued)

4. The Company entered into a licence agreement dated 7th December, 1998 (the "Licence Agreement") with Yeung Chi Shing Estates Limited pursuant to which the Company is granted an exclusive right for the design, manufacture and distribution of gold and jewellery products under the trademark of "King Fook" on a worldwide basis for a total consideration of HK\$1. The Licence Agreement commenced from 7th December, 1998 and does not fix the termination date.
5. King Fook Jewellery Group Limited entered into a vehicle licence agreement (the "Vehicle Licence Agreement") with Yeung Chi Shing Estates Limited pursuant to which King Fook Jewellery Group Limited leases a vehicle from Yeung Chi Shing Estates Limited at the rent of HK\$1 per year for a term commencing from 1st April, 2011 and renewable automatically every 12 months after its commencement until any party serving one month's advance notice of termination on the other party.

Mr. Yeung Ping Leung, Howard and Mr. Yeung Bing Kwong, Kenneth, a director and a former director of the Company respectively, together with other members of their family control the management of Yeung Chi Shing Estates Limited.

The above transactions (except the Licence Agreement and the Vehicle Licence Agreement) constituted continuing connected transactions not exempt under Rule 14A.73 of the Listing Rules. Details of these transactions and other related party transactions for the year ended 31st March, 2015 are set out in note 34 to the financial statements.

The independent non-executive directors of the Company have reviewed the above continuing connected transactions pursuant to Rule 14A.55 of the Listing Rules and confirmed that the transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms; and
- (3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor of the Company has reviewed the continuing connected transactions for the year ended 31st March, 2015 pursuant to Rule 14A.56 of the Listing Rules and advised the directors of the Company in writing with a copy provided to the Stock Exchange that:

- (1) nothing has come to its attention that causes it to believe that the continuing connected transactions have not been approved by the directors of the Company;
- (2) nothing has come to its attention that causes it to believe that the continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (3) with respect to the aggregate amount of the continuing connected transactions, nothing has come to its attention that causes it to believe that the continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the announcement dated 13th August, 2013 made by the Company in respect of the continuing connected transactions.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Save as disclosed above, there is no contract of significance between the Group and a controlling shareholder of the Company (as defined in the Listing Rules) or any of its subsidiaries, including for the provision of services to the Group.

Report of the Directors (Continued)

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Set out below is information disclosed pursuant to Rule 8.10(2) of the Listing Rules:

Mr. Cheng Kar Shing, Peter, an independent non-executive director of the Company, is a director of Chow Tai Fook Enterprises Limited. The gold ornament, jewellery and watch retailing business of Chow Tai Fook Enterprises Limited and its subsidiaries ("Chow Tai Fook Group") may compete with similar business of the Group.

Mr. Sin Nga Yan, Benedict, an independent non-executive director of the Company, is a director and general manager of Myer Jewelry Manufacturer Limited. The manufacturing and trading of fine and costume jewellery business of Myer Jewelry Manufacturer Limited and its subsidiaries ("Myer Group") may compete with similar business of the Group.

Mr. Tang Yat Sun, Richard is an independent non-executive director of Hang Seng Bank Limited ("Hang Seng"). The bullion trading and money exchange business of Hang Seng may compete with similar business of the Group.

The Group has experienced senior management independent of the above-named directors to conduct its business and is therefore capable of carrying on its business independently of and at arm's length from the respective businesses of Chow Tai Fook Group, Myer Group and Hang Seng.

GOLD LOANS AND BANK LOANS

Particulars of gold loans and bank loans of the Group are set out under current liabilities in the consolidated balance sheet and in notes 25 and 26 to the financial statements respectively.

SUBSTANTIAL SHAREHOLDER

As at 31st March, 2015, the following person (other than a director or chief executive of the Company) had interest in shares of the Company as recorded in the register of substantial shareholders required to be kept by the Company under Section 336 of the SFO:

Name	Number of ordinary shares held	Nature of interest	Percentage of shareholding
Yeung Chi Shing Estates Limited	313,127,784	Note	47.98%

Note: 303,887,754 shares were beneficially owned by Yeung Chi Shing Estates Limited while 9,240,030 shares were of its corporate interest.

Save as disclosed above, as at 31st March, 2015, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

SHARE OPTION SCHEME

On 27th August, 2004, the Company adopted a share option scheme (the “Scheme”) under which the Board of Directors might grant options to eligible persons, including directors, employees or consultants of the Group, to subscribe for shares of the Company.

The Company had not granted any option under the Scheme since its adoption and has not adopted a new share option scheme after the expiry of the Scheme on 26th August, 2014.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the remuneration of directors and senior management for the year ended 31st March, 2015 are set out in notes 13, 14 and 34(f) to the financial statements respectively.

BUSINESS REVIEW

Details on the assessment and analysis of the Group’s performance during the year under review and the material factors underlying its results and financial position are set out in the section headed “Management Discussion and Analysis” in this annual report.

PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of its directors, not less than 25% of the issued share capital of the Company is held by the public.

AUDITOR

The consolidated financial statements for the year ended 31st March, 2015 have been audited by BDO Limited (“BDO”). A resolution will be proposed at the forthcoming annual general meeting of the Company to reappoint BDO as auditor of the Company.

On behalf of the Board

Yeung Ping Leung, Howard
Chairman

Hong Kong, 25th June, 2015

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard corporate governance practices. It met all the code provisions in the Corporate Governance Code (the “Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the year ended 31st March, 2015 except the deviations as explained below:

Code provision A.4.1

In respect of code provision A.4.1 of the Code, 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 three 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

In respect of code provisions A.5.1 to A.5.4 of the Code, the Company has not established a nomination committee. In view of the current structure of the board of directors of the Company (the “Board”) and the business operations of the Company and its subsidiaries (the “Group”), the Board believes that it is not necessary to establish a nomination committee as it considers that all directors of the Company should be involved in performing the duties set out in such code provisions.

Code provision D.1.4

As far as code provision D.1.4 of the Code is concerned, except for Mr. Yeung Ping Leung, Howard, 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 of the Company from time to time which are recorded in the relevant board minutes.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules as a code of conduct regarding its directors' securities transactions. The Company has also adopted the practice to remind all directors of the Company of the commencement of each period during which they are not allowed to deal in the securities of the Company under the Model Code.

Having made specific enquiry of all directors of the Company, they have confirmed compliance with the required standard set out in the Model Code regarding directors' securities transactions during the year ended 31st March, 2015.

BOARD OF DIRECTORS

The Company is governed by the Board which has the responsibility for leadership and control of the Company. The directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs covering the Group's overall strategy, annual and interim results, major acquisitions and disposals, recommendations on directors' appointment or re-appointment and other significant operational and financial matters. Decisions and directions of the Board are carried out and implemented by the management of the Company, which reports directly to the Group General Manager and/or the Executive Committee so as to assist the directors to promote the success of the Group. With the assistance of the management, the Board has reviewed the effectiveness of the internal control system of the Group. All directors of the Company are well informed in a timely manner of major changes that may affect the Group's businesses, including relevant rules and regulations. Management monthly updates to the Board have been provided to all directors of the Company so as to enable them to discharge their duties. Written procedures are also in place for all directors of the Company to take independent professional advice where necessary in order to perform their duties at the expense of the Company.

BOARD OF DIRECTORS (Continued)

All directors of the Company are given the opportunity to put items on the agenda for regular Board meetings. All directors have access to the company secretary of the Company (the “Company Secretary”) to ensure that all Board procedures as well as rules and regulations are followed. Full minutes of Board meetings are kept by the Company Secretary and are available for inspection on reasonable notice.

During the year, the Board had at all times complied with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors and one of the independent non-executive directors has appropriate professional qualifications, or accounting or related financial management expertise. Each of the independent non-executive directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. The Company has complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive directors representing at least one-third of the Board.

The Board met 6 times during the year ended 31st March, 2015. The Board’s composition and the attendance of individual directors at these meetings were as follows:

	Number of meetings attended
<i>Executive directors</i>	
Mr. Yeung Ping Leung, Howard (<i>Chairman</i>)	5
Mr. Tang Yat Sun, Richard (<i>Vice Chairman</i>)	6
Mr. Cheng Ka On, Dominic	4
Mr. Yeung Bing Kwong, Kenneth (resigned on 30th April, 2015)	4
Ms. Fung Chung Yee, Caroline	6
<i>Non executive director</i>	
Mr. Wong Wei Ping, Martin	5
<i>Independent non executive directors</i>	
Mr. Lau To Yee	5
Mr. Cheng Kar Shing, Peter	3
Mr. Chan Chak Cheung, William (resigned on 15th April, 2014)	0
Mr. Ho Hau Hay, Hamilton	3
Mr. Sin Nga Yan, Benedict	6
Mr. Cheng Kwok Shing, Anthony	4

Messrs. Yeung Ping Leung, Howard and Yeung Bing Kwong, Kenneth are brothers and Mr. Wong Wei Ping, Martin is their brother-in-law.

Details of the directors are disclosed in the section headed “Brief Biographical Details of the Directors” on pages 5 and 6.

Corporate Governance Report (Continued)

BOARD OF DIRECTORS (Continued)

In compliance with code provision A.6.5 of the Code, all directors of the Company (except Mr. Chan Chak Cheung, William who resigned on 15th April, 2014) had participated in continuous professional development during the year ended 31st March, 2015 to develop and refresh their knowledge and skills, detailed as below:

Name of director	Attend seminars and/or training programmes	Reading materials
Mr. Yeung Ping Leung, Howard	✓	✓
Mr. Tang Yat Sun, Richard	✓	✓
Mr. Cheng Ka On, Dominic	✓	
Mr. Yeung Bing Kwong, Kenneth	✓	✓
Ms. Fung Chung Yee, Caroline	✓	✓
Mr. Wong Wei Ping, Martin	✓	
Mr. Lau To Yee	✓	
Mr. Cheng Kar Shing, Peter	✓	
Mr. Ho Hau Hay, Hamilton	✓	✓
Mr. Sin Nga Yan, Benedict	✓	✓
Mr. Cheng Kwok Shing, Anthony	✓	✓

The Company arranged and funded one training programme, with emphasis on the role, functions and duties of a listed company director. Some of the directors participated in continuous professional development programmes organised by other organisations.

CHAIRMAN AND GROUP GENERAL MANAGER (CHIEF EXECUTIVE OFFICER)

The roles of the Chairman and the Group General Manager (Chief Executive Officer) of the Company are separated, with a clear division of responsibilities.

Mr. Yeung Ping Leung, Howard is the Chairman of the Company. He is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and for setting agenda of the Board meetings and taking into account any matters proposed by other directors for inclusion in the agenda. Through the Board, he is responsible for ensuring that good corporate governance practices and procedures are followed by the Group. He is also responsible for the strategic planning of the Group.

Ms. Wong Ka Ki, Kay is the Group General Manager of the Company responsible for the day-to-day management of the Group's business and for the growth and diversification thereof to accomplish the vision of the Company. She also monitors performance of the Group's operational and financial results.

NON-EXECUTIVE DIRECTOR

The non-executive directors of the Company are not appointed for a specific term but each of them is subject to retirement by rotation and re-election at the Company's annual general meeting at least once every three years in accordance with the Articles of Association of the Company.

REMUNERATION COMMITTEE

The Remuneration Committee has three members. On 15th April, 2014, Mr. Chan Chak Cheung, William resigned as an independent non-executive director of the Company and the chairman and a member of the Remuneration Committee and Mr. Cheng Kwok Shing, Anthony (an independent non-executive director) was appointed as a member and the chairman of such committee on the same date. The two other members are Mr. Cheng Kar Shing, Peter (an independent non-executive director) and Ms. Fung Chung Yee, Caroline (an executive director). The terms of reference of the Remuneration Committee follow the guidelines set out in the Code.

The Remuneration Committee met once during the year. All members attended the meeting.

The Remuneration Committee has reviewed and approved the Group's remuneration policy and made recommendations to the Board for approval of the levels of remuneration paid to the executive directors and the senior management of the Group. The Remuneration Committee had considered factors such as the performance of the executive directors and the senior management, the profitability of the Group, salaries paid by comparable companies, time commitment and responsibilities. The Remuneration Committee has to ensure that the Group is able to attract, retain and motivate a high-calibre team which is essential to the success of the Group.

NOMINATION OF DIRECTORS

Executive directors identify potential new directors and recommend to the Board for decision. A director appointed by the Board is subject to election by the shareholders of the Company at the first annual general meeting after his appointment.

Potential new directors are selected on the basis of their qualifications, skills and experience which the Board considers will make a positive contribution to the performance of the Board.

The Board has adopted a diversity policy to achieve diversity of Board members through consideration of relevant factors, including but not limited to gender, age, ethnicity, cultural and educational background, skill, knowledge, or professional/business experience to ensure the Board has an appropriate diversity of talents to contribute to the business of the Group.

During the year, no new director was appointed.

CORPORATE GOVERNANCE FUNCTIONS

The Board has adopted terms of reference for corporate governance functions set out in the Code and is responsible for performing the corporate governance duties set out therein. The Board determines the policies and practices on the corporate governance of the Company to comply with legal and regulatory requirements. The Board has reviewed and monitored the training and continuous professional development of the directors and senior management of the Company as well as the code of conduct applicable to the directors of the Company during the year.

ACCOUNTABILITY AND AUDIT

The directors acknowledge their responsibility for preparing the financial statements of the Company and the Group. As at 31st March, 2015, the directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the directors have prepared the financial statements of the Group on a going-concern basis.

The responsibilities of the auditor of the Company and the Group about its financial reporting are set out in the Independent Auditor's Report attached to the consolidated financial statements for the year ended 31st March, 2015.

Corporate Governance Report (Continued)

ACCOUNTABILITY AND AUDIT (Continued)

During the year ended 31st March, 2015, the Board, with the assistance of the internal audit department, has reviewed the effectiveness of the Group's internal control system covering all controls, including financial, operational and compliance controls and risk management functions and, in particular, the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The result has been reported to the Audit Committee. Areas for improvement have been identified and appropriate measures taken.

AUDITOR'S REMUNERATION

During the year, the remuneration paid/payable to the auditor, BDO Limited, for audit services was approximately HK\$730,000 (2014: HK\$930,000) and for other non-audit services was approximately HK\$167,400 (2014: HK\$268,000).

The significant non-audit services covered by these fees include the following:

Nature of service	Fee paid
Interim review	HK\$150,000

AUDIT COMMITTEE

The Audit Committee has 3 members, comprising Messrs. Cheng Kwok Shing, Anthony and Lau To Yee (both independent non-executive directors) and Mr. Wong Wei Ping, Martin (a non-executive director). The chairman of this Committee is Mr. Cheng Kwok Shing, Anthony. The terms of reference of the Audit Committee follow the guidelines set out in the Code.

The primary duties of the Audit Committee include the review of the Group's interim and annual financial reports, and the nature and scope of the external and internal audits including review of the effectiveness of the system of internal control. With the assistance of the internal audit department, the Audit Committee reviewed internal control matters relating to key business of the Group with the aim to identify areas for improvement. Based on the review reports of the internal audit department, the Audit Committee assessed the adequacy of resources, qualifications and experience of the staff of the Company's accounting and financial reporting function, and their training programmes and budget and was satisfied with the results. The Audit Committee is also responsible for making recommendation in relation to the appointment, reappointment and removal of the auditor, and reviews and monitors the auditor's independence and objectivity. In addition, the Audit Committee discusses matters raised by the Company's auditor to ensure that appropriate recommendations are implemented.

During the year, the Audit Committee had reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including review of the Company's interim and annual financial statements before submission to the Board. The Group's consolidated financial statements for the year ended 31st March, 2015 have been reviewed by the Audit Committee, which is of the opinion that such consolidated financial statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

The Audit Committee met 3 times during the year ended 31st March, 2015 and all members attended these committee meetings.

COMMUNICATIONS WITH SHAREHOLDERS

The Board endeavours to maintain an on-going dialogue with the shareholders of the Company and, in particular, through annual general meetings or other general meetings to communicate with them and encourage their participation. The Company also communicates with its shareholders through annual reports, interim reports, announcements and circulars issued by the Company from time to time. Shareholders may also contact the Company in writing or visit the Company's website (<http://www.irasia.com/listco/hk/kingfook/index.htm>) for information about the Group and its activities.

Shareholders may put enquiries to the Board in writing sent to the Company's registered office at 9th Floor, King Fook Building, 30-32 Des Voeux Road Central, Hong Kong and the Company will respond to enquires from shareholders promptly.

The Company held an annual general meeting during the year ended 31st March, 2015, which provided opportunities for communication between the shareholders and the Board at which the Chairman and the other members of the Board had attended. Details of the procedures for conducting a poll were explained at the commencement of the meeting. In accordance with the Listing Rules, the votes of shareholders at the meeting were taken by poll and the poll results were announced at the meeting and published on the websites of The Stock Exchange of Hong Kong Limited and the Company respectively after the meeting. A separate resolution was proposed at the meeting on each substantial issue, including the re-election of each director. All the resolutions proposed at the meeting for the shareholders' approval were passed.

The directors attending at the annual general meeting were as follows:

Name of director

Mr. Yeung Ping Leung, Howard (*Chairman*)

Mr. Tang Yat Sun, Richard (*Vice Chairman*)

Ms. Fung Chung Yee, Caroline

Mr. Wong Wei Ping, Martin

Mr. Lau To Yee

Mr. Ho Hau Hay, Hamilton

Mr. Sin Nga Yan, Benedict

Mr. Cheng Kwok Shing, Anthony

Pursuant to Article 72 of the Company's Articles of Association and Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"), shareholders representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings of the Company shall have the right to request the directors of the Company to call a general meeting of the Company by sending a request authenticated by the person(s) making it to the Company in hard copy form or in electronic form stating the general nature of the business to be dealt with at such meeting, including election of director(s). If within 21 days after the date the directors become required to call a general meeting they fail to proceed to convene such meeting for a day not more than 28 days after the date of the notice convening the meeting, the shareholder(s) who requested the meeting, or any of them representing more than one-half of the total voting rights of all of them, may themselves call a general meeting in accordance with the provisions of Section 568 of the Companies Ordinance.

INVESTOR RELATIONS

During the year, the Company had amended its Articles of Association following implementation of the Companies Ordinance which came into effect on 3rd March, 2014 and amendment of Appendix 3 to the Listing Rules.

Independent Auditor's Report



Tel : +852 2218 8288
 Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
 111 Connaught Road Central
 Hong Kong

電話 : +852 2218 8288
 傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
 永安中心25樓

TO THE MEMBERS OF KING FOOK HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of King Fook Holdings Limited (the "Company") and its subsidiaries (hereafter referred to as the "Group") set out on pages 28 to 81, which comprise the consolidated balance sheet as at 31st March, 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO Limited
 香港立信德豪會計師事務所有限公司

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

Independent Auditor's Report (Continued)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31st March, 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BDO Limited

Certified Public Accountants

Chow Tak Sing, Peter

Practising Certificate Number P04659

Hong Kong, 25th June, 2015

Consolidated Income Statement

For the year ended 31st March, 2015

	Note	2015 HK\$'000	2014 HK\$'000
CONTINUING OPERATIONS			
Revenue	5	842,263	1,163,733
Cost of sales		(666,114)	(887,961)
Gross profit		176,149	275,772
Other operating income		10,016	4,025
Distribution and selling costs		(262,727)	(325,885)
Administrative expenses		(61,721)	(72,976)
Other operating expenses		(7,390)	(674)
Operating loss		(145,673)	(119,738)
Finance costs	6	(5,321)	(7,422)
Loss before taxation	7	(150,994)	(127,160)
Taxation	8	1,737	(446)
Loss for the year from continuing operations		(149,257)	(127,606)
DISCONTINUED OPERATION			
Loss for the year from discontinued operation	9	—	(3,626)
Loss for the year		(149,257)	(131,232)
Loss for the year attributable to:			
Shareholders of the Company			
Continuing operations		(149,251)	(127,603)
Discontinued operation		—	(3,626)
Minority interests		(149,251)	(131,229)
		(6)	(3)
		(149,257)	(131,232)
Loss per share for loss attributable to the shareholders of the Company for the year			
- Basic and diluted (HK cents)	11		
Continuing and discontinued operations		(22.9) cents	(21.8) cents
Continuing operations		(22.9) cents	(21.2) cents

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2015

	2015 HK\$'000	2014 HK\$'000
Loss for the year	(149,257)	(131,232)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Change in fair value of available-for-sale investments	3,589	1,128
Reclassification adjustment upon disposal of available-for-sale investments	(4,717)	—
Exchange differences on translation	658	(164)
Other comprehensive income for the year	(470)	964
Total comprehensive income for the year	(149,727)	(130,268)
Total comprehensive income for the year attributable to:		
Shareholders of the Company	(149,721)	(130,265)
Minority interests	(6)	(3)
	(149,727)	(130,268)

Consolidated Balance Sheet

As at 31st March, 2015

	Note	As at 31st March, 2015 HK\$'000	As at 31st March, 2014 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	8,203	23,034
Investment properties	16	658	691
Available-for-sale investments	17	952	5,186
Deferred tax assets	31	1,928	—
Other assets	18	396	396
		<u>12,137</u>	<u>29,307</u>
Current assets			
Inventories	19	715,088	884,791
Debtors, deposits and prepayments	20	60,882	94,556
Investments at fair value through profit or loss	21	1,192	8,208
Tax recoverable		32	32
Trust bank balances held on behalf of clients	22	—	144
Cash and cash equivalents	23	117,788	122,634
		<u>894,982</u>	<u>1,110,365</u>
Current liabilities			
Creditors, deposits received, accruals and deferred income	24	34,351	56,207
Tax payable		9	6
Gold loans, unsecured	25	17,559	24,850
Bank loans	26	147,500	201,000
		<u>199,419</u>	<u>282,063</u>
Net current assets		<u>695,563</u>	<u>828,302</u>
Total assets less current liabilities		<u>707,700</u>	<u>857,609</u>
Non-current liabilities			
Provision for long service payments	27	112	294
Net assets		<u>707,588</u>	<u>857,315</u>
CAPITAL AND RESERVES			
Capital and reserves attributable to the shareholders of the Company			
Share capital	28	241,021	241,021
Other reserves	29	36,202	36,672
Retained profits	29	430,232	579,483
		<u>707,455</u>	<u>857,176</u>
Minority interests		<u>133</u>	<u>139</u>
		<u>707,588</u>	<u>857,315</u>

The consolidated financial statements on pages 28 to 81 were approved and authorised for issue by the Board of Directors on 25th June, 2015 and were signed on its behalf by:

Yeung Ping Leung, Howard
Chairman

Tang Yat Sun, Richard
Vice Chairman

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2015

	Capital and reserves attributable to the shareholders of the Company							Minority interests	Total
	Share capital	Share premium	Capital reserve	Exchange reserve	Investment revaluation reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2013	108,768	17,575	24,753	10,955	—	710,712	872,763	142	872,905
Rights issue (note 28(ii))	54,384	65,261	—	—	—	—	119,645	—	119,645
Share issue expenses (note 28(ii))	—	(4,967)	—	—	—	—	(4,967)	—	(4,967)
Transactions with shareholders	54,384	60,294	—	—	—	—	114,678	—	114,678
Transfers on 3rd March, 2014 (note 28(iii))	77,869	(77,869)	—	—	—	—	—	—	—
Loss for the year	—	—	—	—	—	(131,229)	(131,229)	(3)	(131,232)
Other comprehensive income:									
Change in fair value of available-for-sale investments	—	—	—	—	1,128	—	1,128	—	1,128
Exchange differences on translation	—	—	—	(164)	—	—	(164)	—	(164)
Total comprehensive income for the year	—	—	—	(164)	1,128	(131,229)	(130,265)	(3)	(130,268)
At 31st March, 2014	241,021	—	24,753	10,791	1,128	579,483	857,176	139	857,315
At 1st April, 2014	241,021	—	24,753	10,791	1,128	579,483	857,176	139	857,315
Loss for the year	—	—	—	—	—	(149,251)	(149,251)	(6)	(149,257)
Other comprehensive income:									
Change in fair value of available-for-sale investments	—	—	—	—	3,589	—	3,589	—	3,589
Reclassification adjustment upon disposal of available-for-sale investments	—	—	—	—	(4,717)	—	(4,717)	—	(4,717)
Exchange differences on translation	—	—	—	658	—	—	658	—	658
Total comprehensive income for the year	—	—	—	658	(1,128)	(149,251)	(149,721)	(6)	(149,727)
At 31st March, 2015	241,021	—	24,753	11,449	—	430,232	707,455	133	707,588

Consolidated Statement of Cash Flows

For the year ended 31st March, 2015

	Note	2015 HK\$'000	2014 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating loss before working capital changes	30	(129,199)	(98,285)
Decrease in inventories		160,946	137,935
Decrease in debtors, deposits and prepayments		33,544	31,660
Decrease in creditors, deposits received, accruals and deferred income		(21,643)	(53,885)
Decrease in trust bank balances held on behalf of clients		144	896
Dividends received from investments at fair value through profit or loss		39	172
Change in investments at fair value through profit or loss		9,366	6,269
Interest received		271	370
Hong Kong profits tax paid		(160)	(9)
Hong Kong profits tax refunded		—	2,834
Overseas tax paid		(28)	(445)
Long service payments paid		(39)	(21)
		<u>53,241</u>	<u>27,491</u>
<i>Net cash generated from operating activities</i>		-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from available-for-sale investments		58	14
Proceeds from disposal of available-for-sale investments		7,823	—
Receipt from amount due from an investee classified as available-for-sale investments		—	2,045
Proceeds from disposal of property, plant and equipment		8	948
Purchase of property, plant and equipment		(3,132)	(9,532)
Refund of other assets		—	1,800
		<u>4,757</u>	<u>(4,725)</u>
<i>Net cash generated from/(used in) investing activities</i>		-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(5,534)	(7,769)
New bank, gold and other loans		27,508	70,414
Repayment of bank, gold and other loans		(85,480)	(151,914)
Proceeds from issue of rights issue		—	119,645
Share issue expenses		—	(4,967)
		<u>(63,506)</u>	<u>25,409</u>
<i>Net cash (used in)/generated from financing activities</i>		-----	-----
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the year		122,634	74,176
Effect of foreign exchange rates changes, net		662	283
		<u>117,788</u>	<u>122,634</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u><u>117,788</u></u>	<u><u>122,634</u></u>

Notes to the Financial Statements

For the year ended 31st March, 2015

1. GENERAL INFORMATION

King Fook Holdings Limited (the “Company”) is a limited liability company incorporated and domiciled in Hong Kong. Its registered office is located at 9th Floor, King Fook Building, 30-32 Des Voeux Road Central, Hong Kong and its principal place of business is in Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activity of the Company is investment holding. Details of the place of operation and the principal activities of its subsidiaries are set out in note 37 to the financial statements.

There had been no significant changes in the Group’s operations during the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements on pages 28 to 81 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.

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of the revised HKFRSs and the impact on the Group’s consolidated financial statements, if any, are disclosed in note 2.2.

These consolidated financial statements have been prepared on the historical cost basis except for gold bullion stocks held for trading, gold loans and financial instruments classified as available-for-sale and at fair value through profit or loss (“FVTPL”) which are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in the preparation of these consolidated financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 3.

2.2 Adoption of new/revised HKFRSs - effective 1st April, 2014

In the current year, the Group has applied for the first time the following new/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 1st April, 2014:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures
Amendments to HKAS 39	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities

The adoption of these new/revised HKFRSs has no significant impact on the Group’s consolidated financial statements.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs have been issued but are not yet effective and have not been early adopted by the Group:

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle ²
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle ¹
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle ³
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ³
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations ³
HKFRS 9 (2014)	Financial Instruments ⁵
HKFRS 14	Regulatory Deferral Accounts ³
HKFRS 15	Revenue from Contracts with Customers ⁴

¹ Effective for annual periods beginning on or after 1st July, 2014

² Effective for annual periods beginning, or transactions occurring on, or after 1st July, 2014

³ Effective for annual periods beginning on or after 1st January, 2016

⁴ Effective for annual periods beginning on or after 1st January, 2017

⁵ Effective for annual periods beginning on or after 1st January, 2018

Amendments to HKAS 16 and HKAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

HKFRS 9: Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in consolidated financial statements.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 9: *Financial Instruments* (Continued)

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15: *Revenue from Contracts with Customers*

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18, *Revenue*, HKAS 11, *Construction Contracts* and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the potential impact of adopting the above new, revised or amended standards and interpretations to the Group. The directors of the Company do not expect that the adoption of these pronouncements will have a material impact on the consolidated financial statements of the Group.

2.4 New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) of the Laws of Hong Kong (the “Companies Ordinance”) apply to the Company in this financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2.5 Basis of consolidation and business combination

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (see note 2.6 below) (together referred to as the “Group”) made up to 31st March for each year.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of the disposal, as appropriate.

Intra-group transactions, balances and unrealised gain and loss on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised loss on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group’s perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Basis of consolidation and business combination (Continued)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as capital and reserves transactions. The carrying amounts of the Group's interest and the minority interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the minority interests is adjusted and the fair value of the consideration paid or received is recognised directly in capital and reserves and attributed to shareholders of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any minority interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of minority interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such minority interest's share of subsequent changes in capital and reserves. Total comprehensive income is attributed to such minority interests even if this results in those minority interests having a deficit balance.

2.6 Subsidiaries

A subsidiary is an entity over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's balance sheet, investments in subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2.7 Foreign currency translation

The consolidated financial statements are presented in Hong Kong Dollars ("HK\$"), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gain and loss resulting from the settlement of such transactions and from the end of reporting period re-translation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK\$. Assets and liabilities have been translated into HK\$ at the closing rates at the end of reporting period. Income and expenses have been converted into HK\$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in capital and reserves.

When a foreign operation is sold, such exchange differences are reclassified from capital and reserves to profit or loss as part of the gain or loss on sale.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, rendering of services and the use by others of the Group's assets which yield interest and dividends, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

(i) *Sale of goods*

Income from gold ornament, jewellery, watch, fashion and gift retailing, diamond wholesaling and bullion trading is recognised upon delivery of goods to customers, which is also the time when the significant risks and rewards of ownership are transferred to the customer.

(ii) *Commission income*

Commission income from securities broking and money exchange is recognised when services are rendered.

(iii) *Revenue on construction contracts*

When the outcome of the contract can be estimated reliably, revenue on fixed price construction contracts is determined using the percentage of completion method. The percentage of completion is calculated by comparing costs incurred to date with the total estimated costs of the contract. If the contract is considered profitable, it is stated at cost plus attributable profits by reference to the percentage of completion. Any expected loss on individual construction contracts is recognised immediately as an expense in profit or loss.

(iv) *Income from provision of travel related products and services*

Income from provision of travel related products and services is recognised when the services are rendered. Deposits received from customers prior to the delivery of services are included in current liabilities as "deferred income" and not recognised as revenue.

(v) *Dividend income*

Dividend income from investments is recognised when the right to receive payment is established.

(vi) *Rental income*

Rental income is recognised on a straight line basis over the period of each lease.

(vii) *Interest income*

Interest income is recognised on a time apportion basis using the effective interest method.

2.9 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Property, plant and equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Buildings held under leasing agreements are depreciated over their expected useful lives of 40 to 50 years or over the term of lease, if shorter.

Depreciation on other assets is provided to write off the cost less their expected residual values over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold land	Over lease term
Leasehold improvements	15% or over the remaining period of the lease, whichever is shorter
Plant and machinery, furniture and equipment	15%
Motor vehicles	15%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each end of reporting period.

An asset is written down immediately to its recoverable amounts if its carrying amount is higher than the assets estimated recoverable amount.

The gain or loss arising on retirement or disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.11 Investment properties

Investment properties are land and buildings held under a leasehold interest to earn rental income and/or for capital appreciation or for both.

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and any accumulated impairment loss. Depreciation is provided so as to write off the cost of buildings held as investment properties using the straight line method over their expected useful lives ranging from 40 to 50 years or over the lease term, if shorter. Leasehold land held as investment property is depreciated over the lease term.

2.12 Impairment of non-financial assets

Property, plant and equipment, investment properties and investments in subsidiaries stated at cost are subject to impairment testing. These assets are tested for impairment at the end of each reporting period to determine whenever there are indications that the assets' carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash generating unit ("CGU")). As a result, some assets are tested individually for impairment and some are tested at CGU level.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Impairment of non-financial assets (Continued)

Impairment loss recognised for CGUs are charged pro rata to the assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised as income immediately.

2.13 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) *Classification of assets leased to the Group*

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) *Operating lease charges as the lessee*

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) *Assets leased out under operating leases as the lessor*

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

2.14 Financial assets

The Group's accounting policies for financial assets other than investments in subsidiaries are set out below.

Financial assets are classified into the following categories:

- investments at fair value through profit or loss;
- loans and receivables; and
- available-for-sale investments.

Management determines the classification of the financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, reevaluates this designation at every end of reporting period.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Financial assets (Continued)

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on the trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at FVTPL, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

(i) *Investments at fair value through profit or loss*

Investments at fair value through profit or loss include financial assets held for trading.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or they are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short term profit-taking.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend income and interest income are recognised in accordance with the Group's policies in notes 2.8(v) and 2.8(vii) to the financial statements respectively.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment loss. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(iii) *Available-for-sale investments*

Non-derivative financial assets that do not qualify for inclusion in any of the categories of financial assets are classified as available-for-sale investments.

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the investment revaluation reserve in capital and reserves, except for impairment loss (see the policy below) and foreign exchange gain and loss on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified from capital and reserves to profit or loss. Dividend income from those investments is recognised in profit or loss in accordance with the policy set out in note 2.8(v). Interest calculated using the effective interest method is recognised in profit or loss when these investments are interest-bearing.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment loss at each end of reporting period subsequent to initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Financial assets (Continued)

Impairment of financial assets

At each end of reporting period, financial assets other than at FVTPL are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its costs.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but is not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) *Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit loss that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the year in which the impairment occurs.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the year in which the reversal occurs.

(ii) *Available-for-sale investments*

When a decline in the fair value of an available-for-sale investment has been recognised in other comprehensive income and accumulated in capital and reserves and there is objective evidence that the asset is impaired, an amount is removed from capital and reserves and recognised in profit or loss as impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Financial assets (Continued)

Impairment of financial assets (Continued)

(ii) *Available-for-sale investments* (Continued)

Reversals in respect of investment in equity instruments classified as available-for-sale and stated at fair value are not recognised in profit or loss. The subsequent increase in fair value is recognised directly in other comprehensive income. Impairment loss in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversal of impairment loss in such circumstances are recognised in profit or loss.

(iii) *Financial assets carried at cost*

The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss are not reversed in subsequent years.

For financial assets other than investments at fair value through profit or loss and trade and other receivables that are stated at amortised cost, impairment loss are written off against the corresponding assets directly. Where the recovery of trade and other receivables is considered doubtful but not remote, the impairment loss for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade and other receivables is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

Impairment loss recognised in an interim period in respect of available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of an annual period, or in a subsequent period, the increase is recognised in other comprehensive income.

2.15 Inventories

Inventories, other than gold bullion stocks held for trading, are stated at the lower of cost and estimated net realisable value. Cost is determined on an actual cost basis. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

Gold bullion stocks held for trading are stated at fair value less costs to sell. Changes in fair value are recognised in profit or loss in the year of the change.

2.16 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the end of reporting period. They are calculated according to the tax rates and tax laws applicable to the tax years to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Accounting for income taxes (Continued)

Deferred tax is calculated using the liability method on temporary differences at the end of reporting period between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax loss available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax loss and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they related to items recognised in other comprehensive income or directly in capital and reserves, in which case the taxes are also recognised in other comprehensive income or directly in capital and reserves respectively.

The Group presents deferred tax assets and deferred tax liabilities on a net basis if, and only if:

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.17 Cash and cash equivalents

Cash and cash equivalents include cash at banks, other financial institutions and in hand, short term bank deposits with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of consolidated statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.18 Share capital

Ordinary shares are classified as capital and reserves. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from capital and reserves (net of any related income tax benefits) to the extent they are incremental costs directly attributable to the capital and reserves transaction.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits

(i) *Defined contribution plans*

The Group operates a number of defined contribution retirement schemes in Hong Kong. Contributions are made based on certain percentages of the employee's basic salaries.

The employees of the Group's subsidiaries which operate in the People's Republic of China, except Hong Kong (the "PRC"), are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme.

Contributions are recognised as expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

(ii) *Short term employee benefits*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2.20 Financial liabilities

The Group's financial liabilities include bank loans, gold loans, trade payables and other payables and accruals. They are included in balance sheet line items as "bank loans", "gold loans, unsecured" and "creditors, deposits received, accruals and deferred income" under current liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 2.9).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Borrowings

Bank loans are recognised initially at fair value, net of transaction costs incurred. Bank loans are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the term of the bank loans using the effective interest method. The related interest expense is recognised in profit or loss.

When a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at FVTPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited. On initial recognition, gold loans are designated as financial liabilities at FVTPL. Subsequent to initial recognition, gold loans are measured at fair value with changes in fair value recognised in profit or loss. Financial liabilities originally designated as financial liabilities at FVTPL may not subsequently be reclassified.

Borrowings, which include bank loans and gold loans, are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting period.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Financial liabilities (Continued)

Creditors and accruals

Creditors and accruals are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

2.21 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each end of reporting period and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.22 Segment reporting

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 the general manager 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. The Group has identified the following operating segments:

Continuing operations

- (i) Retailing, bullion trading and diamond wholesaling in Hong Kong
- (ii) Retailing in the PRC
- (iii) Construction services
- (iv) Provision of travel related products and services

Discontinued operation

- (v) Securities broking

Each of these operating segments is managed separately as each of these product and service lines requires different resources as well as marketing approaches. Since (ii) and (iv) individually do not meet the quantitative thresholds to be separately reported, (ii) is aggregated with (i) because they have similar economic characteristics and (iv) is reported under "All others". Although (iii) also does not meet the quantitative thresholds, it is separately presented as it is a major business line of the Group in the prior years. Reportable segments are as follows:

Continuing operations

- (a) Retailing, bullion trading and diamond wholesaling
- (b) Construction services
- (c) All others

Discontinued operation

- (d) Securities broking

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Segment reporting (Continued)

Under HKFRS 8, *Operating Segments*, reported segment information is based on internal management reporting information that is regularly reviewed by the top management. The top management assesses segment profit or loss using a measure of operating profit. The measurement policies the Group uses for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements except as noted below.

Reportable segment assets and liabilities are all assets and liabilities excluding investments in securities, tax recoverable and payable, bank loans and corporate assets and liabilities as they are not included in the internal management reporting information reviewed by the top management. Segment result excludes corporate income and expenses, income and expenses arising from investments in securities and income tax.

Corporate income and expenses mainly include management fee income and expense, interest income and expense, employee benefit expense and operating lease charge of the Company and investment holding companies. Corporate assets and liabilities mainly include property, plant and equipment and accrued expenses of the Company and investment holding companies.

2.23 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation

The Group depreciates property, plant and equipment on a straight line basis over the estimated useful lives of 7 to 50 years. The estimated useful lives reflect the directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

(ii) Impairment of available-for-sale investments

For unlisted investments that are carried at cost less impairment, objective evidence of impairment would include information about adverse changes in the technological, market, economic or legal environment in which the investee operates which indicates that the cost of the investment may not be recovered. Management's judgement is required in determining whether these indicators exist and in estimating the future cash flows from holding (such as dividends) or selling the asset.

(iii) Impairment of property, plant and equipment

The Group assesses impairment at each end of reporting period by evaluating conditions that may lead to impairment of property, plant and equipment. 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 results. In making these key estimates and judgements, the directors take into consideration assumptions that are based on market condition existing at the end of 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.

(iv) Impairment of receivables

The Group's management determines impairment of receivables on a regular basis. This estimation is based on the credit history of its customers and current market conditions. Management reassesses the impairment of receivables at the end of reporting period.

(v) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market conditions and the historical experience of selling products of a similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management reassesses these estimations at the end of reporting period to ensure inventory is shown at the lower of cost and net realisable value.

(vi) Percentage of completion and estimation of foreseeable loss in respect of construction contracts

Revenue from construction contracts is recognised according to the percentage of completion of individual contracts. When foreseeable loss in respect of a particular contract is identified, such loss is recognised as an expense in profit or loss immediately. The percentage of completion and foreseeable loss of individual contracts are determined based on the actual costs incurred and the total estimated contract cost prepared by the management of the Group. In order to ensure the total estimated contract cost is accurate and up-to-date, management reviews the costs incurred to date and costs to completion frequently, in particular any cost overruns and variation orders from customers, and revises the total estimated contract cost where necessary.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

4. SEGMENT INFORMATION

The top management has identified the Group's three (2014: four) reporting segments as follows:

- Retailing, bullion trading and diamond wholesaling
- Construction services
- All others
- Securities broking (presented as discontinued operation in 2014)

	Continuing operations				Total HK\$'000
	Retailing, bullion trading and diamond wholesaling HK\$'000	Construction services HK\$'000	All others HK\$'000	Inter- segment elimination HK\$'000	
Year ended 31st March, 2015					
Revenue					
From external customers	832,210	3,314	6,739	—	842,263
Inter-segment sales	—	—	4	(4)	—
Reportable segment revenue	<u>832,210</u>	<u>3,314</u>	<u>6,743</u>	<u>(4)</u>	<u>842,263</u>
Interest income	46	1	—	—	47
Finance costs	(9,491)	(63)	—	—	(9,554)
Depreciation	(9,994)	—	(54)	—	(10,048)
Provision for and write down of inventories to net realisable value	(13,854)	—	—	—	(13,854)
Provision for impairment loss of property, plant and equipment	<u>(1,500)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,500)</u>
Reportable segment results	(157,372)	979	(140)	—	(156,533)
Corporate income					46,199
Corporate expenses					(47,843)
Dividend income					97
Fair value change of investments at fair value through profit or loss					2,369
Gain on disposal of available-for-sale investments					<u>4,717</u>
Loss before taxation					<u>(150,994)</u>
At 31st March, 2015					
Reportable segment assets	801,194	303	6,388	—	807,885
Corporate assets					2,667
Available-for-sale investments					952
Deferred tax assets					1,928
Investments at fair value through profit or loss					1,192
Tax recoverable					32
Cash and cash equivalents					<u>92,463</u>
Total assets per consolidated balance sheet					<u>907,119</u>
Reportable segment liabilities	41,206	2,940	5,004	—	49,150
Corporate liabilities					2,872
Bank loans					147,500
Tax payable					<u>9</u>
Total liabilities per consolidated balance sheet					<u>199,531</u>

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

4. SEGMENT INFORMATION (Continued)

	Continuing operations					Discontinued operation	
	Retailing, bullion trading and diamond wholesaling HK\$'000	Construction services HK\$'000	All others HK\$'000	Inter- segment elimination HK\$'000	Sub-total HK\$'000	Securities broking HK\$'000	Total HK\$'000 (Re-presented)
Year ended 31st March, 2014							
Revenue							
From external customers	1,155,839	1,502	6,392	—	1,163,733	913	1,164,646
Inter-segment sales	—	—	5	(5)	—	—	—
Reportable segment revenue	<u>1,155,839</u>	<u>1,502</u>	<u>6,397</u>	<u>(5)</u>	<u>1,163,733</u>	<u>913</u>	<u>1,164,646</u>
Interest income	67	—	—	—	67	43	110
Finance costs	(13,811)	(1,159)	—	—	(14,970)	—	(14,970)
Depreciation	(17,465)	—	(33)	—	(17,498)	(3)	(17,501)
Provision for and write down of inventories to net realisable value	<u>(13,667)</u>	<u>(544)</u>	<u>—</u>	<u>—</u>	<u>(14,211)</u>	<u>—</u>	<u>(14,211)</u>
Reportable segment results	(122,679)	(7,679)	(675)	—	(131,033)	(3,626)	(134,659)
Corporate income					60,398		60,398
Corporate expenses					(58,358)		(58,358)
Dividend income					186		186
Fair value change of investments at fair value through profit or loss					<u>1,647</u>		<u>1,647</u>
Loss before taxation					<u>(127,160)</u>		<u>(130,786)</u>
At 31st March, 2014							
Reportable segment assets	1,016,612	4,106	5,523	—	1,026,241	5,149	1,031,390
Corporate assets							2,797
Available-for-sale investments							5,186
Investments at fair value through profit or loss							8,208
Tax recoverable							32
Cash and cash equivalents							<u>92,059</u>
Total assets per consolidated balance sheet							<u>1,139,672</u>
Reportable segment liabilities	69,875	3,331	4,542	—	77,748	282	78,030
Corporate liabilities							3,321
Bank loans							201,000
Tax payable							<u>6</u>
Total liabilities per consolidated balance sheet							<u>282,357</u>

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

4. SEGMENT INFORMATION (Continued)

No geographical information was presented as more than 90% of the Group's revenue and assets were derived from activities in Hong Kong (place of domicile).

For the years ended 31st March, 2014 and 2015, no revenue from a single customer amounted to 10% or more of the total revenue of the Group.

5. REVENUE

The Group is principally engaged in gold ornament, jewellery, watch, fashion and gift retailing, bullion trading and diamond wholesaling. Revenue, which includes the Group's turnover and other revenue, recognised during the year comprised the following:

	2015 HK\$'000	2014 HK\$'000
CONTINUING OPERATIONS		
Turnover		
Gold ornament, jewellery, watch, fashion and gift retailing	817,617	1,132,248
Bullion trading	10,083	15,611
Diamond wholesaling	4,510	7,980
	<u>832,210</u>	<u>1,155,839</u>
Other revenue		
Revenue on construction contracts	3,314	1,502
Income from provision of travel related products and services	6,739	6,392
	<u>10,053</u>	<u>7,894</u>
	842,263	1,163,733
DISCONTINUED OPERATION		
Turnover		
Commission from securities broking	—	913
	<u>—</u>	<u>913</u>
Total revenue	<u>842,263</u>	<u>1,164,646</u>

6. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Continuing operations		
Interest charges on:		
Financial liabilities at amortised cost:		
Bank and other loans and overdrafts	4,629	6,674
Financial liabilities at fair value through profit or loss:		
Gold loans, unsecured	692	748
	<u>5,321</u>	<u>7,422</u>

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

7. LOSS BEFORE TAXATION

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

	2015 HK\$'000	2014 HK\$'000
Continuing operations		
Auditors' remuneration		
- provision for the current year	778	840
Cost of inventories sold, including	668,242	889,988
- provision for and write down of inventories to net realisable value	13,854	14,211
- reversal of provision for and write down of inventories to net realisable value*	(7,916)	(5,863)
Depreciation of property, plant and equipment	10,738	18,352
Depreciation of investment properties	33	33
Foreign exchange difference, net	47	(75)
Loss on write off/disposal of property, plant and equipment	5,713	610
Loss on write off of investments at fair value through profit or loss	19	—
Operating lease charges in respect of properties	173,642	206,882
Operating lease charges in respect of furniture and fixtures	647	644
Outgoings in respect of investment properties	80	72
Provision for impairment loss of debtors		
- provided against allowance account	159	—
- reversal of provision	(21)	(53)
Provision for impairment loss of other receivables		
- reversal of provision	(88)	—
Provision for impairment loss of property, plant and equipment	1,500	—
Provision for long service payments		
- provided against the account	19	133
- reversal of provision	(162)	(17)
Directly write off of debtors	23	64
Directly write off of other receivables	57	—
Dividend income	(97)	(186)
Fair value change of investments at fair value through profit or loss	(2,369)	(1,647)
Gain on disposal of available-for-sale investments	(4,717)	—
Interest income from financial assets at amortised cost	(271)	(327)
Provision for impairment loss of available-for-sale investments		
- reversal of provision	—	(191)
Rental income		
- owned properties	(622)	(610)
- operating sub-leases	—	(6)
	<u> </u>	<u> </u>

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

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

8. TAXATION

No Hong Kong profits tax has been provided for the year as the Group has no estimated assessable profit (2014: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates.

The amount of taxation (credited)/charged to the consolidated income statement represents:

	2015 HK\$'000	2014 HK\$'000
Continuing operations		
Current tax		
- Hong Kong Under provision of prior years	160	—
- Overseas Current year	31	446
Deferred tax		
- Hong Kong Current year	<u>(1,928)</u>	<u>—</u>
Taxation (credit)/charge	<u><u>(1,737)</u></u>	<u><u>446</u></u>

Reconciliation between tax (credit)/expense and accounting loss at applicable tax rates is as follows:

	2015 HK\$'000	2014 HK\$'000
Continuing operations		
Loss before taxation	<u><u>(150,994)</u></u>	<u><u>(127,160)</u></u>
Tax on loss before taxation, calculated at the rates applicable to loss in the relevant tax jurisdictions	(25,913)	(20,922)
Tax effect of non-taxable income	(1,820)	(205)
Tax effect of non-deductible expenses	1,880	2,527
Temporary differences not recognised	(870)	1,338
Tax loss not recognised	25,195	21,373
Utilisation of previously unrecognised tax loss	(400)	(3,283)
Under provision of prior years	160	—
Others	<u>31</u>	<u>(382)</u>
Taxation (credit)/charge	<u><u>(1,737)</u></u>	<u><u>446</u></u>

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

9. DISCONTINUED OPERATION

By the end of July 2013, the business of securities broking operated by two subsidiaries of the Company, King Fook Securities Company Limited and King Fook Commodities Company Limited, had been ceased. This business segment was presented as discontinued operation in accordance with HKFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, accordingly.

The results of the securities broking segment for the year ended 31st March, 2014 were as follows:

	HK\$'000
Income	1,137
Expenses	<u>(4,763)</u>
Loss before taxation	(3,626)
Taxation	<u>—</u>
Loss for the year ended 31st March, 2014	<u><u>(3,626)</u></u>

The cash flows of the securities broking segment for the year ended 31st March, 2014 were as follows:

	HK\$'000
Operating cash flows	(10,805)
Investing cash flows	<u>4,959</u>
Total cash flows	<u><u>(5,846)</u></u>

Loss of the securities broking segment for the year ended 31st March, 2014 was arrived after charging and (crediting):

	HK\$'000
Auditor's remuneration	156
Depreciation of property, plant and equipment	3
Employee benefit expenses (including directors' and chief executive's emoluments and pension costs of defined contribution retirement schemes)	1,708
Interest income from financial assets at amortised cost	(43)
Operating lease charges in respect of property	497
Operating lease charges in respect of furniture and fixtures	<u><u>4</u></u>

10. DIVIDEND

No dividend was paid or proposed during the years ended 31st March, 2014 and 2015, nor has any dividend been proposed since the end of the reporting period.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

11. LOSS PER SHARE

Continuing and discontinued operations

The calculation of basic loss per share is based on the consolidated loss attributable to the shareholders of the Company of HK\$149,251,000 (2014: HK\$131,229,000) and on the weighted average number of 652,607,475 (2014: 601,401,831) ordinary shares in issue during the year.

Diluted loss per share for the years ended 31st March, 2014 and 2015 are the same as the basic loss per share as there were no dilutive potential ordinary shares during both years.

Continuing operations

The calculation of basic loss per share from continuing operations attributable to the shareholders of the Company is based on the following data:

	2015 HK\$'000	2014 HK\$'000
Loss for the year	149,251	131,229
Less: Loss for the year from discontinued operation	<u>—</u>	<u>3,626</u>
Loss for the purpose of basic loss per share from continuing operations	<u><u>149,251</u></u>	<u><u>127,603</u></u>

The denominators used are the same as those detailed above for basic loss per share.

Discontinued operation

For the year ended 31st March, 2014, basic loss per share for the discontinued operation attributable to the shareholders of the Company was HK0.6 cent, based on the loss for the year ended 31st March, 2014 from the discontinued operation of HK\$3,626,000 and the denominators detailed above for basic loss per share.

Diluted loss per share from discontinued operation for the year ended 31st March, 2014 was the same as the basic loss per share as there were no dilutive potential ordinary shares during the year ended 31st March, 2014.

12. EMPLOYEE BENEFIT EXPENSE

	2015 HK\$'000	2014 HK\$'000
Continuing operations		
Wages, salaries and other benefits	76,691	94,855
Pension costs - defined contribution retirement schemes	3,851	4,502
Provision for long service payments (note 27)	19	133
Reversal of provision for long service payments (note 27)	<u>(162)</u>	<u>(17)</u>
	<u><u>80,399</u></u>	<u><u>99,473</u></u>

Employee benefit expense as shown above includes directors' and chief executive's emoluments (note 13).

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND MATERIAL INTERESTS OF DIRECTORS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Directors' and chief executive's emoluments disclosed pursuant to Section 383 of the Companies Ordinance and the Companies (Disclosure of Information about Benefits of the Directors) Regulation (Cap. 622G) (the "Regulation") are as follows:

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension costs - defined contribution retirement schemes HK\$'000	Total HK\$'000
2015				
Executive directors				
Mr. Yeung Ping Leung, Howard	39	1,500*	2	1,541
Mr. Tang Yat Sun, Richard	39	—	2	41
Mr. Cheng Ka On, Dominic	39	—	2	41
Mr. Yeung Bing Kwong, Kenneth (resigned on 30th April, 2015)	40	284	—	324
Ms. Fung Chung Yee, Caroline	37	1,449	109	1,595
Non-executive director				
Mr. Wong Wei Ping, Martin	35	—	—	35
Independent non-executive directors				
Mr. Lau To Yee	70	—	—	70
Mr. Cheng Kar Shing, Peter	72	—	—	72
Mr. Ho Hau Hay, Hamilton	70	—	—	70
Mr. Sin Nga Yan, Benedict	70	—	—	70
Mr. Cheng Kwok Shing, Anthony	250	—	—	250
Chief executive				
Ms. Wong Ka Ki, Kay	—	1,223	91	1,314
	<u>761</u>	<u>4,456</u>	<u>206</u>	<u>5,423</u>
2014				
Executive directors				
Mr. Yeung Ping Leung, Howard	39	4,250*	2	4,291
Mr. Tang Yat Sun, Richard	39	—	2	41
Mr. Cheng Ka On, Dominic	39	—	2	41
Mr. Yeung Bing Kwong, Kenneth	40	284	—	324
Ms. Fung Chung Yee, Caroline	37	1,739	130	1,906
Non-executive director				
Mr. Wong Wei Ping, Martin	35	—	—	35
Independent non-executive directors				
Mr. Lau To Yee	70	—	—	70
Mr. Cheng Kar Shing, Peter	72	—	—	72
Mr. Chan Chak Cheung, William (resigned on 15th April, 2014)	120	—	—	120
Mr. Ho Hau Hay, Hamilton	70	—	—	70
Mr. Sin Nga Yan, Benedict	70	—	—	70
Mr. Cheng Kwok Shing, Anthony (appointed on 22nd April, 2013)	250	—	—	250
Chief executive				
Ms. Wong Ka Ki, Kay	—	1,260	95	1,355
	<u>881</u>	<u>7,533</u>	<u>231</u>	<u>8,645</u>

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND MATERIAL INTERESTS OF DIRECTORS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS (Continued)

* For the years ended 31st March, 2014 and 2015, service agreements were entered whereby Verbal Company Limited ("Verbal") agreed to procure specifically the service of Mr. Yeung Ping Leung, Howard as the chairman and executive director of the Company responsible for overall planning of the business strategy of the Company. Mr. Yeung Ping Leung, Howard and Mr. Tang Yat Sun, Richard are directors of the Company and Verbal, and Mr. Yeung Ping Leung, Howard has a beneficial interest in Verbal. Accordingly, the remuneration paid in accordance with the service agreements was regarded as director's emoluments included in employee benefit expenses for the years ended 31st March, 2014 and 2015.

During the year, Mr. Yeung Ping Leung, Howard (a director) agreed to waive his 6-month emoluments from 1st August, 2014 to 31st January, 2015 and implemented a 50% remuneration reduction plan starting from 1st February, 2015.

Comparative information has been prepared with reference to the provisions in the Companies Ordinance and the Regulation.

During the year, no emoluments were paid by the Group to the directors/chief executive as an inducement to join or upon joining the Group, or as compensation for loss of office (2014: Nil).

None of the other directors/chief executive waived or agreed to waive any emoluments in respect of the year (2014: Nil).

During the year, the Company entered into a contract with Stanwick Properties Limited which was a wholly owned subsidiary of Yeung Chi Shing Estates Limited for the lease of furniture and fixture at 3rd floor of and the premises in King Fook Building, 30-32 Des Voeux Road Central, Hong Kong. The directors are of the opinion that the rental was determined with reference to the market prices and the lease term was two years from 16th August, 2013.

Moreover, the Company entered into a licence agreement dated 7th December, 1998 (the "Licence Agreement") with Yeung Chi Shing Estates Limited to obtain an exclusive right for the design, manufacture and distribution of gold and jewellery products under the trademark of "King Fook" on a worldwide basis for a total consideration of HK\$1. The Licence Agreement commenced from 7th December, 1998 and did not fix the termination date.

Mr. Yeung Ping Leung, Howard and Mr. Yeung Bing Kwong, Kenneth, a director and a former director of the Company, together with other members of their family control the management of Yeung Chi Shing Estates Limited.

Except as disclosed as above, no transactions, arrangement or contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, were entered into or subsisted during the financial year.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

14. FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGERMENTS' EMOLUMENTS

The five individuals whose emoluments were the highest in the Group for the year included two (2014: two) directors and one (2014: one) chief executive whose emoluments are reflected in the analysis presented in note 13. The emoluments of the remaining two (2014: two) individuals are as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries, allowances and benefits in kind	2,389	2,451
Pension costs - defined contribution retirement schemes	<u>35</u>	<u>30</u>
	<u><u>2,424</u></u>	<u><u>2,481</u></u>

The emoluments of the remaining two (2014: two) individuals, fell within the following emolument band:

	Number of individuals	
	2015	2014
HK\$1,000,001 - HK\$1,500,000	<u>2</u>	<u>2</u>

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2014: Nil).

The emoluments of the members of senior management excluding directors (executive and non-executive) and chief executive fell within the following emolument bands:

	Number of individuals	
	2015	2014
HK\$500,001 - HK\$1,000,000	2	1
HK\$1,000,001 - HK\$1,500,000	<u>1</u>	<u>2</u>

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery, furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 1st April, 2013					
Cost	1,919	69,289	49,971	2,482	123,661
Accumulated depreciation	(1,112)	(44,801)	(40,647)	(1,532)	(88,092)
Impairment loss	—	(230)	(1,919)	(42)	(2,191)
Net book amount	<u>807</u>	<u>24,258</u>	<u>7,405</u>	<u>908</u>	<u>33,378</u>
Net book amount					
At 1st April, 2013	807	24,258	7,405	908	33,378
Additions	—	8,083	1,449	—	9,532
Write off/disposals	—	(1,489)	(68)	—	(1,557)
Depreciation	(39)	(15,806)	(2,329)	(181)	(18,355)
Exchange difference	—	36	—	—	36
At 31st March, 2014	<u>768</u>	<u>15,082</u>	<u>6,457</u>	<u>727</u>	<u>23,034</u>
At 31st March, 2014					
Cost	1,919	71,929	42,422	2,220	118,490
Accumulated depreciation	(1,151)	(56,847)	(35,670)	(1,493)	(95,161)
Impairment loss	—	—	(295)	—	(295)
Net book amount	<u>768</u>	<u>15,082</u>	<u>6,457</u>	<u>727</u>	<u>23,034</u>
Net book amount					
At 1st April, 2014	768	15,082	6,457	727	23,034
Additions	—	1,547	1,585	—	3,132
Write off/disposals	—	(4,458)	(1,263)	—	(5,721)
Depreciation	(39)	(8,425)	(2,093)	(181)	(10,738)
Impairment loss	—	(1,500)	—	—	(1,500)
Exchange difference	—	(3)	(1)	—	(4)
At 31st March, 2015	<u>729</u>	<u>2,243</u>	<u>4,685</u>	<u>546</u>	<u>8,203</u>
At 31st March, 2015					
Cost	1,919	48,331	39,594	2,219	92,063
Accumulated depreciation	(1,190)	(44,588)	(34,614)	(1,673)	(82,065)
Impairment loss	—	(1,500)	(295)	—	(1,795)
Net book amount	<u>729</u>	<u>2,243</u>	<u>4,685</u>	<u>546</u>	<u>8,203</u>

The Group's leasehold land and buildings are situated in Hong Kong and are held under medium term leases.

Depreciation expense of HK\$9,869,000 (2014: HK\$17,281,000) was included in distribution and selling costs and HK\$869,000 (2014: HK\$1,074,000) was included in administrative expenses for the year ended 31st March, 2015.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Hong Kong luxury goods retail market showed a general decline in the year under review and yet to recover. The Group performed an impairment assessment on certain property, plant and equipment of the Group's retail store investments, reported under retailing, bullion trading and diamond wholesaling segment, in accordance with the accounting policy on impairment of non-financial assets. Based on the assessment, an impairment loss of approximately HK\$1,500,000 (2014: Nil) was recognised and charged to the consolidated income statement for the year ended 31st March, 2015. The recoverable amounts of these property, plant and equipment using value in use calculation were determined by the discounted cash flows generated from these retail store investments based on a management budget plan and a pre-tax discount rate of 9%.

16. INVESTMENT PROPERTIES

	2015 HK\$'000	2014 HK\$'000
At 1st April		
Gross carrying amount	1,840	1,840
Accumulated depreciation	(1,149)	(1,116)
Net carrying amount	<u>691</u>	<u>724</u>
Opening net carrying amount	691	724
Depreciation	(33)	(33)
Closing net carrying amount	<u>658</u>	<u>691</u>
At 31st March		
Gross carrying amount	1,840	1,840
Accumulated depreciation	(1,182)	(1,149)
Net carrying amount	<u>658</u>	<u>691</u>

The Group's investment properties, which are land and buildings held under a leasehold interest, are situated in Hong Kong and are held under medium term leases.

The fair value of the Group's investment properties at 31st March, 2015 was approximately HK\$25,600,000 (2014: HK\$24,000,000) which was arrived at on the basis of a valuation performed by BMI Appraisals Limited, a firm of independent professional surveyors. Valuation was estimated based on the properties' open market value which was based on market evidence of prices for comparable properties as at the end of reporting period.

The fair value of investment properties is a level 3 recurring fair value measurement.

Fair value is determined by applying the sale comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as age, time, location, floor level of property and other relevant factors.

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties highest and best use, which does not differ from their actual use.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

17. AVAILABLE-FOR-SALE INVESTMENTS

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000
Listed equity securities outside Hong Kong, at fair value	(a)	—	4,234
Unlisted equity securities, at cost		1,035	1,077
Less: Provision for impairment loss	(b)	(439)	(481)
		596	596
Membership licence, at cost		356	356
		952	5,186

Note:

- (a) As at 31st March, 2014, Mr. Yeung Ping Leung, Howard (a director of the Company) and Horsham Enterprises Limited (a company beneficially owned by Mr. Yeung Ping Leung, Howard and Mr. Yeung Bing Kwong, Kenneth, a director and a former director of the Company) held 38.7% and 5.1% equity interests respectively in an investee and the Group had investment in this investee with carrying amount of HK\$4,234,000.

The investment in equity securities of the investee was disposed of during the year.

- (b) Impairment loss in respect of unlisted equity securities are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against unlisted equity securities directly. The movement in provision for impairment loss is as follows:

	2015 HK\$'000	2014 HK\$'000
At 1st April	481	683
Reversal*	—	(191)
Exchange differences	(42)	(11)
At 31st March	439	481

- * A reversal of provision for impairment loss of HK\$191,000 was recognised as the amount due from an investee was wholly received during the year ended 31st March, 2014.

Fair value of the listed equity securities has been determined directly by reference to published price quotation in active market.

Unlisted equity securities and membership licence are measured at cost as the fair value cannot be measured reliably. There was no open market on the unlisted investments and the management has no intention to dispose of such investments at 31st March, 2015.

The investments in listed equity securities are subject to financial risk exposure in terms of price and currency risks.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

18. OTHER ASSETS

	2015 HK\$'000	2014 HK\$'000
Statutory deposits	326	326
Guarantee deposit	70	70
	<u>396</u>	<u>396</u>

19. INVENTORIES

	2015 HK\$'000	2014 HK\$'000
Jewellery	368,459	395,175
Gold ornament and bullion	26,190	32,258
Watch, gift and fashion	320,439	457,358
	<u>715,088</u>	<u>884,791</u>

As at 31st March, 2015, the carrying amount of gold bullion stocks carried at fair value less costs to sell was approximately HK\$2,396,000 (2014: HK\$625,000).

20. DEBTORS, DEPOSITS AND PREPAYMENTS

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000
Trade debtors	(a)	5,451	17,998
Other receivables	(b)	14,013	23,332
Deposits and prepayments		41,418	53,226
		<u>60,882</u>	<u>94,556</u>

Note:

(a) Trade debtors

	2015 HK\$'000	2014 HK\$'000
Gross carrying amount	8,968	21,377
Less: Provision for impairment loss	<u>(3,517)</u>	<u>(3,379)</u>
Trade debtors - net	<u>5,451</u>	<u>17,998</u>

The management of the Group considered that the fair values of trade debtors are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

20. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

Note: (Continued)

(a) Trade debtors (Continued)

Impairment loss in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly. The movement in provision for impairment loss is as follows:

	2015 HK\$'000	2014 HK\$'000
At 1st April	3,379	4,886
Impairment loss	159	—
Written off	—	(1,454)
Reversal	(21)	(53)
	<u>3,517</u>	<u>3,379</u>
At 31st March	<u>3,517</u>	<u>3,379</u>

At each end of the reporting period, the Group reviews receivables for evidence of impairment on both an individual and a collective basis. As at 31st March, 2015, the Group has determined trade debtors of HK\$3,517,000 (2014: HK\$3,379,000) as individually impaired. Based on this assessment, an additional provision for impairment loss of HK\$159,000 (2014: Nil) and a reversal of HK\$21,000 (2014: HK\$53,000) have been recognised. The impaired trade debtors are due from customers experiencing financial difficulties and were in default or delinquency of payments.

The Group did not hold any collateral as security or other credit enhancements over the impaired trade debtors, whether determined on an individual or a collective basis.

At 31st March, the ageing analysis of trade debtors, based on the invoice dates, was as follows:

	2015 HK\$'000	2014 HK\$'000
Within 30 days	2,337	12,401
31 - 90 days	324	420
More than 90 days	2,790	5,177
	<u>5,451</u>	<u>17,998</u>
	<u>5,451</u>	<u>17,998</u>

Trade debtors were normally due within three months.

At 31st March, the ageing analysis of trade debtors, based on due dates, was as follows:

	2015 HK\$'000	2014 HK\$'000
Neither past due nor impaired	2,262	12,091
Past due 90 days or less	433	731
Past due more than 90 days but less than 1 year	274	718
Past due more than 1 year	2,482	4,458
	<u>5,451</u>	<u>17,998</u>
At 31st March	<u>5,451</u>	<u>17,998</u>

As at 31st March, 2015, trade debtors that were neither past due nor impaired related to customers for whom there were no recent history of default.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

20. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

Note: (Continued)

(a) Trade debtors (Continued)

Trade debtors that were past due but not impaired related to a number of diversified customers that had a good track record of credit with the Group. Based on past credit history, management believed that no impairment allowance was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered to be fully recoverable. The Group did not hold any material collateral in respect of trade debtors past due but not impaired.

(b) Other receivables

	2015 HK\$'000	2014 HK\$'000
Gross carrying amount	18,873	34,180
Less: Provision for impairment loss	<u>(4,860)</u>	<u>(10,848)</u>
Other receivables - net	<u>14,013</u>	<u>23,332</u>

The management of the Group considered that the fair values of other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

Impairment loss in respect of other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against other receivables directly. The movement in provision for impairment loss is as follows:

	2015 HK\$'000	2014 HK\$'000
At 1st April	10,848	10,359
Written off	(4,583)	—
Reversal	(88)	—
Exchange difference	<u>(1,317)</u>	<u>489</u>
At 31st March	<u>4,860</u>	<u>10,848</u>

At each end of the reporting period, the Group reviews receivables for evidence of impairment on both an individual and a collective basis. As at 31st March, 2015, the Group has determined other receivables of HK\$4,860,000 (2014: HK\$10,848,000) as individually impaired. The impaired other receivables are due from counter parties experiencing financial difficulties and were in default or delinquency of payments.

21. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 HK\$'000	2014 HK\$'000
Equity securities, at fair value		
Listed in Hong Kong	1,192	992
Listed outside Hong Kong	<u>—</u>	<u>7,216</u>
	<u>1,192</u>	<u>8,208</u>

The above investments are classified as held for trading.

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

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

21. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Movements in investments at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the consolidated statement of cash flows.

Changes in fair value of investments at fair value through profit or loss are recorded in other operating income and expenses in the consolidated income statement.

These investments are subject to financial risk exposure in terms of price and currency risks.

22. TRUST BANK BALANCES HELD ON BEHALF OF CLIENTS

During the year ended 31st March, 2014, the Group's business of securities broking received and held money from clients in the course of conducting its regulated activities. These clients' monies were maintained at banks in one or more segregated bank accounts. The trust bank balances were maintained in bank current accounts which did not carry any interest. The Group had classified the clients' monies as trust bank balances held on behalf of clients under the current assets section of the consolidated balance sheet and recognised the corresponding payables (note 24(b)) to the respective clients under the current liabilities section of the consolidated balance sheet on the grounds that the Group was liable for any loss or misappropriation of clients' monies. During the year ended 31st March, 2015, these client's monies were wholly returned.

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2015 HK\$'000	2014 HK\$'000
Cash at banks and in hand	78,622	105,096
Cash at other financial institutions	—	3,334
Short term bank deposits	39,166	14,204
	<u>117,788</u>	<u>122,634</u>

The cash balances at banks and other financial institutions bore interest at floating rates based on daily bank deposit rates.

The effective interest rates of short term bank deposits were ranging from 0.32% to 0.54% (2014: 1.05% to 1.08%) per annum, which were the effective interest rates at 31st March, 2015. These deposits had a maturity of 14 to 31 days (2014: 31 days) and were eligible for immediate cancellation without receiving any interest for the last deposit period.

The management of the Group considered that the fair value of the short term bank deposits is not materially different from its carrying amount because of the short maturity period on its inception.

Included in cash and cash equivalents of the Group were balances of HK\$12,754,000 (2014: HK\$5,454,000) denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

24. CREDITORS, DEPOSITS RECEIVED, ACCRUALS AND DEFERRED INCOME

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000
Trade payables	(a)	15,151	24,198
Other payables and accruals	(b)	11,758	25,296
Deposits received and deferred income		6,767	6,038
Other provision	(c)	675	675
		<u>34,351</u>	<u>56,207</u>

Note:

(a) At 31st March, the ageing analysis of trade payables, based on the invoice dates, was as follows:

	2015 HK\$'000	2014 HK\$'000
Within 30 days	9,820	13,546
31 - 90 days	1,630	5,269
More than 90 days	3,701	5,383
	<u>15,151</u>	<u>24,198</u>

(b) At 31st March, 2014, included in other payables of the Group, there was an amount of approximately HK\$144,000 in respect of the clients' undrawn monies which related to the business of securities broking (note 9). The amount is repayable on demand.

(c) The Group has applied for liquidation of a subsidiary and a provision on the liquidation loss of HK\$675,000 was made.

All balances are short term in nature and hence the carrying values of creditors, deposits received, accruals and deferred income are considered to be a reasonable approximation of their fair values.

25. GOLD LOANS, UNSECURED

	2015 HK\$'000	2014 HK\$'000
Gold loans at fair value		
Repayable within one year	<u>17,559</u>	<u>24,850</u>

Gold loans were denominated at US\$ and bore interest at fixed rates of 3.00% (2014: a range of 2.90% to 3.15%) per annum, which were the effective interest rates at 31st March, 2015.

Fair value of the gold loans has been determined by reference to its quoted bid price at the end of reporting period.

Gold loans are subject to financial risk exposure in terms of price risk and foreign currency risk.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

26. BANK LOANS

	2015 HK\$'000	2014 HK\$'000
Bank loans		
- unsecured	140,000	176,000
- secured	7,500	25,000
	<u>147,500</u>	<u>201,000</u>

At 31st March, 2015, all bank loans of HK\$147,500,000 (2014: HK\$201,000,000) are scheduled to be repaid within one year or on demand and classified as current liabilities.

At 31st March, 2015, the bank loan of HK\$7,500,000 (2014: HK\$25,000,000) was secured by an insurance policy with coverage of HK\$19,375,000 (2014: HK\$19,383,000).

At 31st March, 2015, all bank loans were denominated in HK\$ (2014: HK\$) and bore interest at variable rates ranging from 1.74% to 3.13% (2014: 1.75% to 3.14%) per annum, which were the effective interest rates.

The carrying values of bank loans are considered to be a reasonable approximation of their fair values.

Bank loans of HK\$25,500,000, with scheduled repayment within one year, are subject to the fulfilment of certain covenants. In the circumstances when the covenants were not met, the drawn down facilities would become payable on demand. As at 31st March, 2015, certain covenants of the bank loans were not met, which primarily relate to the Group's interest coverage. No waiver has been obtained by the Group from the lenders on or before 31st March, 2015.

Subsequent to 31st March, 2015, the Group had received a waiver from the bank in respect of bank loans of HK\$25,500,000 in relation to the covenants.

27. PROVISION FOR LONG SERVICE PAYMENTS

	2015 HK\$'000	2014 HK\$'000
At 1st April	294	199
Payments	(39)	(21)
Provision	19	133
Reversal	(162)	(17)
	<u>112</u>	<u>294</u>
At 31st March	<u>112</u>	<u>294</u>

The balances as at 31st March, 2014 and 2015 represent the provision for entitlements of the Group's employees to long service payments on termination of their employment, which are not fully covered by the Group's provident fund schemes.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

28. SHARE CAPITAL

	<i>Note</i>	Number of ordinary shares of HK\$0.25 each	HK\$'000
Authorised:			
At 1st April, 2013		620,000,000	155,000
Increase in share capital	(i)	580,000,000	145,000
The concept of authorised share capital is abolished on 3rd March, 2014	(iii)	<u>(1,200,000,000)</u>	<u>(300,000)</u>
At 31st March, 2014, 1st April, 2014 and 31st March, 2015		<u>—</u>	<u>—</u>
	<i>Note</i>	2015 HK\$'000	2014 HK\$'000
Issued and fully paid:			
652,607,475 ordinary shares with no par value (at 1st April, 2013: 435,071,650 ordinary shares of HK\$0.25 each)		241,021	108,768
Issue of new shares under rights issue of 217,535,825 ordinary shares of HK\$0.25 each	(ii)	—	54,384
Transfer from share premium account on 3rd March, 2014	(iii)	<u>—</u>	<u>77,869</u>
652,607,475 (2014: 652,607,475) ordinary shares with no par value		<u>241,021</u>	<u>241,021</u>

Note:

- (i) Pursuant to an ordinary resolution passed on 29th May, 2013, the authorised share capital of the Company has increased from HK\$155,000,000 to HK\$300,000,000 by the creation of 580,000,000 additional shares of HK\$0.25 each, ranking pari passu in all respects with the existing shares of the Company.
- (ii) On 28th June, 2013, the Company completed the rights issue by issuing 217,535,825 rights shares on the basis of one rights share for every two existing shares, at a subscription price of HK\$0.55 per rights share. The cash proceeds of approximately HK\$119,645,000, before share issue expenses of approximately HK\$4,967,000, are used to finance the repayment of existing debts and for general working capital of the Group. The issue of rights shares has resulted in the increase in share capital and share premium account of the Company by approximately HK\$54,384,000 and HK\$65,261,000 respectively. These rights shares rank pari passu with the then existing shares of the Company in issue in all respects.
- (iii) The Companies Ordinance came into effect on 3rd March, 2014. Under Section 135 of the Companies Ordinance, shares in a company do not have nominal value. Accordingly, the concept of authorised share capital is abolished. The no nominal value regime applies to the Company. Following the transitional and saving provisions in the Companies Ordinance, share premium account became part of the Company's share capital at the beginning of 3rd March, 2014.

29. RESERVES

The amount of the Group's reserves and the movements therein for the current year are presented in the consolidated statement of changes in equity.

The share premium account of the Group includes the premium arising from issue of shares of the Company at a premium. At the beginning of 3rd March, 2014, share premium account became part of the Company's share capital (note 28(iii)).

The capital reserve account of the Group includes negative goodwill arising on acquisitions of subsidiaries before 1st April, 2001 which represented the excess of the fair value of the Group's share of the net assets acquired over the cost of the acquisitions.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

30. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of loss before taxation to operating loss before working capital changes is as follows:

	2015 HK\$'000	2014 HK\$'000
Loss before taxation	(150,994)	(130,786)
Depreciation of property, plant and equipment	10,738	18,355
Depreciation of investment properties	33	33
Dividend income from investments at fair value through profit or loss and available-for-sale investments	(97)	(186)
Fair value change of investments at fair value through profit or loss	(2,369)	(1,647)
Gain on disposal of available-for-sale investments	(4,717)	—
Interest expense	5,321	7,422
Interest income	(271)	(370)
Loss on write off/disposal of property, plant and equipment	5,713	610
Loss on write off of investments at fair value through profit or loss	19	—
Provision for and write down of inventories to net realisable value	13,854	14,211
Provision for impairment loss of debtors	159	—
Provision for impairment loss of property, plant and equipment	1,500	—
Provision for long service payments	19	133
Reversal of provision for and write down of inventories to net realisable value	(7,916)	(5,863)
Reversal of provision for impairment loss of available-for-sale investments	—	(191)
Reversal of provision for impairment loss of debtors	(21)	(53)
Reversal of provision for impairment loss of other receivables	(88)	—
Reversal of provision for long service payments	(162)	(17)
Directly write off of debtors	23	64
Directly write off of other receivables	57	—
	<u>(129,199)</u>	<u>(98,285)</u>

31. DEFERRED TAX

Deferred taxation is calculated in full on temporary differences under the balance sheet liability method using a taxation rate of 16.5% (2014: 16.5%).

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year is as follows:

Deferred tax assets/(liabilities)

	Accelerated tax depreciation allowance		Tax loss		Net amount shown in consolidated balance sheet	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
At 1st April	(222)	(283)	222	283	—	—
Credited/(charged) to consolidated income statement	<u>11</u>	<u>61</u>	<u>1,917</u>	<u>(61)</u>	<u>1,928</u>	<u>—</u>
At 31st March	<u>(211)</u>	<u>(222)</u>	<u>2,139</u>	<u>222</u>	<u>1,928</u>	<u>—</u>

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

31. DEFERRED TAX (Continued)

Deferred tax assets are recognised for tax loss carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Those are not recognised in the consolidated financial statements as it is not probable that taxable profits will be available against which the tax loss can be utilised due to unpredictability of future profit streams. At 31st March, 2015, the Group has unrecognised tax loss of the Company and subsidiaries operating in Hong Kong and the subsidiaries operating in the PRC of approximately HK\$463,083,000 and HK\$60,655,000 (2014: HK\$334,170,000 and HK\$54,932,000) respectively.

The tax loss of the subsidiaries operating in the PRC can be carried forward for five years and the tax loss of the companies operating in Hong Kong will not expire under the current tax legislation.

At 31st March, 2015, there were no material temporary differences for which deferred tax liabilities have not been recognised (2014: Nil). No deferred tax liabilities have been recognised in respect of the temporary differences associated with undistributed earnings of certain subsidiaries because the Group is in a position to control the dividend policies of its subsidiaries and it is probable that such differences will not be reversed in the foreseeable future.

32. OPERATING LEASE COMMITMENTS

At 31st March, the total future aggregate minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	2015			2014		
	Land and buildings HK\$'000	Other assets HK\$'000	Total HK\$'000	Land and buildings HK\$'000	Other assets HK\$'000	Total HK\$'000
Within one year	125,128	114	125,242	180,518	306	180,824
In the second to fifth years, inclusive	<u>100,766</u>	<u>—</u>	<u>100,766</u>	<u>141,868</u>	<u>114</u>	<u>141,982</u>
	<u><u>225,894</u></u>	<u><u>114</u></u>	<u><u>226,008</u></u>	<u><u>322,386</u></u>	<u><u>420</u></u>	<u><u>322,806</u></u>

The Group leases a number of land and buildings and other assets under operating leases. The leases of the Group run for an initial period of one to four years (2014: one to four years).

Certain leasing arrangements have been subject to contingent rent by reference to monthly turnover throughout the leasing periods. The minimum guaranteed rental has been used to calculate the above commitments.

33. FUTURE OPERATING LEASE RECEIVABLES

At 31st March, the total future aggregate minimum lease receipts under non-cancellable operating leases in respect of investment properties are as follows:

	2015 HK\$'000	2014 HK\$'000
Within one year	634	451
In the second to fifth years, inclusive	<u>441</u>	<u>—</u>
	<u><u>1,075</u></u>	<u><u>451</u></u>

The Group leases out its investment properties under operating lease arrangements which run for an initial period of one to two years (2014: one to two years), with option to renew the lease term at the expiry date.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

34. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year:

	Note	2015 HK\$'000	2014 HK\$'000
Operating lease rental on land and buildings paid to:			
Stanwick Properties Limited	(a)	12,304	11,356
Contender Limited	(b)	12,668	28,147
Fabrico (Mfg) Limited	(c)	111	300
Shahdan Limited	(d)	846	895
Operating lease rental on furniture and fixtures paid to			
Stanwick Properties Limited	(a)	306	306
Management fees, rates and air-conditioning charges paid to:			
Stanwick Properties Limited	(a)	1,210	1,179
Contender Limited	(b)	1,411	2,788
Shahdan Limited	(d)	239	211
Interest paid to Yeung Chi Shing Estates Limited	(e)	240	208

The above related party transactions were entered into on normal commercial terms.

Note:

- The operating lease rental, management fees and air-conditioning charges were paid to Stanwick Properties Limited ("Stanwick") for the office and shop premises occupied by the Group. Stanwick is a wholly owned subsidiary of Yeung Chi Shing Estates Limited, a substantial shareholder of the Company. Mr. Yeung Ping Leung, Howard and Mr. Yeung Bing Kwong, Kenneth, a director and a former director of the Company, together with other members of their family control the management of Yeung Chi Shing Estates Limited.
- The operating lease rental, management fees, rates and air-conditioning charges were paid to Contender Limited, a wholly owned subsidiary of Miramar Hotel and Investment Company, Limited ("Miramar") for the shop premises occupied by the Group. Mr. Tang Yat Sun, Richard and Mr. Cheng Ka On, Dominic are directors of the Company and directors and shareholders of Miramar. Mr. Yeung Ping Leung, Howard is a director of the Company and Miramar.
- The operating lease rental was paid to Fabrico (Mfg) Limited ("Fabrico") for the premises occupied by the Group. Fabrico is a wholly owned subsidiary of Yeung Chi Shing Estates Limited (note (a)).
- The operating lease rental, management fees, rates and air-conditioning charges were paid to Shahdan Limited ("Shahdan") for the office premises occupied by the Group. Shahdan is a wholly owned subsidiary of Miramar (note (b)).
- The interest expenses were paid to Yeung Chi Shing Estates Limited in relation to the loan from a substantial shareholder.
- Compensation of key management personnel

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

	2015 HK\$'000	2014 HK\$'000
Salaries, allowances and benefits in kind	7,523	11,245
Pension costs - defined contribution retirement schemes	350	403
	<u>7,873</u>	<u>11,648</u>

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

35. INFORMATION ABOUT BALANCE SHEET OF THE COMPANY

	<i>Note</i>	As at 31st March, 2015 HK\$'000	As at 31st March, 2014 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,145	1,693
Investments in subsidiaries		119,779	119,863
		<u>120,924</u>	<u>121,556</u>
Current assets			
Debtors, deposits and prepayments		1,157	1,084
Amounts due from subsidiaries		716,555	773,266
Cash and cash equivalents		87,534	91,680
		<u>805,246</u>	<u>866,030</u>
Current liabilities			
Creditors, deposits received and accruals		2,519	3,036
Amounts due to subsidiaries		354,057	352,922
Gold loans, unsecured		17,559	24,850
Bank loans		147,500	201,000
		<u>521,635</u>	<u>581,808</u>
Net current assets		<u>283,611</u>	<u>284,222</u>
Total assets less current liabilities		<u>404,535</u>	<u>405,778</u>
Non-current liabilities			
Provision for long service payments		27	18
Net assets		<u>404,508</u>	<u>405,760</u>
CAPITAL AND RESERVES			
Capital and reserves attributable to the shareholders of the Company			
Share capital	28	241,021	241,021
Reserves	36	163,487	164,739
		<u>404,508</u>	<u>405,760</u>

The balance sheet of the Company was approved and authorised for issue by the Board of Directors on 25th June, 2015 and was signed on its behalf by:

Yeung Ping Leung, Howard
Chairman

Tang Yat Sun, Richard
Vice Chairman

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

36. RESERVES MOVEMENT OF THE COMPANY

	Share premium HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April, 2013	17,575	167,285	184,860
Rights issue	65,261	—	65,261
Share issue expenses	(4,967)	—	(4,967)
Transfer to share capital	(77,869)	—	(77,869)
Loss for the year	—	(2,546)	(2,546)
	<u>—</u>	<u>(2,546)</u>	<u>(2,546)</u>
At 31st March, 2014	<u>—</u>	<u>164,739</u>	<u>164,739</u>
At 1st April, 2014	—	164,739	164,739
Loss for the year	—	(1,252)	(1,252)
	<u>—</u>	<u>(1,252)</u>	<u>(1,252)</u>
At 31st March, 2015	<u>—</u>	<u>163,487</u>	<u>163,487</u>

37. SUBSIDIARIES

Details of the subsidiaries as at 31st March, 2015 are as follows:

Name	Place/ country of incorporation	Particulars of issued capital/ registered capital	Percentage of issued capital/ registered capital held by		Place of operation and principal activities
			Group	Company	
Elias Holdings Limited	The Republic of Liberia	1 ordinary share with nil value	100	100	Dormant
Evermind Limited	Hong Kong	10,000 ordinary shares of HK\$10,000	80	80	Investment holding in Hong Kong
Grand Year Engineering Limited	Hong Kong	1 ordinary share of HK\$1	80	—	Trading of construction materials in Hong Kong
Guangzhou Free Trade Zone King Fook Gold & Jewellery Company Limited	PRC	United States Dollars ("US\$") 1,000,000	100	100	Dormant
Impact Link Limited	Hong Kong	10,000 ordinary shares of HK\$10,000	100	—	Watch wholesaling in Hong Kong
Jacqueline Emporium Limited	Hong Kong	1,000 ordinary shares of HK\$100,000	100	—	Watch trading in Hong Kong
Jet Bright Trading Limited	Hong Kong	2 ordinary shares of HK\$2	100	—	Investment holding in Hong Kong
Jewellery Hospital Company Limited	Hong Kong	10,000 ordinary shares of HK\$10,000	100	—	Dormant
King Fook China Resources Limited	Hong Kong	2 ordinary shares of HK\$20	100	100	Investment holding in Hong Kong

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

37. SUBSIDIARIES (Continued)

Name	Place/ country of incorporation	Particulars of issued capital/ registered capital	Percentage of issued capital/ registered capital held by		Place of operation and principal activities
			Group	Company	
King Fook Commodities Company Limited	Hong Kong	50,000 ordinary shares of HK\$5,000,000	100	—	Dormant
King Fook Gold & Jewellery Company Limited	Hong Kong	546,750 ordinary shares of HK\$54,675,000	100	100	Investment holding and trading in Hong Kong
King Fook Holding Management Limited	Hong Kong	50 ordinary shares of HK\$5,000	100	100	Dormant
King Fook International Money Exchange (Kowloon) Limited	Hong Kong	65,000 ordinary shares of HK\$6,500,000	100	—	Money exchange services in Hong Kong
King Fook Investment Company Limited	Hong Kong	2,500,000 ordinary shares of HK\$2,500,000	100	100	Investment holding in Hong Kong
King Fook Jewellery Designing & Trading Company Limited	Hong Kong	5,000 ordinary shares of HK\$500,000	100	—	Dormant
King Fook Jewellery Group Limited	Hong Kong	600,000 ordinary shares of HK\$60,000,000	100	100	Gold ornament, jewellery, watch, gift retailing and bullion trading in Hong Kong
King Fook Jewellery Macau Limited	Macau	Macau Patacas ("MOP") 25,000	100	—	Dormant
King Fook Securities Company Limited	Hong Kong	10,000,000 ordinary shares of HK\$10,000,000	100	—	Dormant
King Shing Bullion Traders & Finance Company Limited	Hong Kong	60,000 ordinary shares of HK\$6,000,000	100	—	Dormant
King Fook Jewellery (Beijing) Company Limited	PRC	US\$1,000,000	100	—	Gold ornament, jewellery, watch and diamond retailing and wholesaling in the PRC
King Fook Jewellery (China) Company Limited	PRC	Renminbi ("RMB") 68,000,000	100	—	Gold ornament, jewellery, watch and diamond retailing and wholesaling in the PRC
King Fook (Shanghai) International Trading Limited*	PRC	US\$200,000	100	—	Gold ornament, jewellery and watch wholesaling in the PRC
King Hing Trading (Shanghai) Limited*	PRC	US\$300,000	100	—	Under deregistration

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

37. SUBSIDIARIES (Continued)

Name	Place/ country of incorporation	Particulars of issued capital/ registered capital	Percentage of issued capital/ registered capital held by		Place of operation and principal activities
			Group	Company	
Mario Villa Limited	Hong Kong	2,000,000 ordinary shares of HK\$2,000,000	100	100	Investment trading in Hong Kong
Mempro Limited	Isle of Man	100 ordinary shares of 1 Sterling Pound each	60	—	Under liquidation
Metal Innovation Limited	British Virgin Islands	1 ordinary share of US\$1	80	—	Dormant
Most Worth Investments Limited	British Virgin Islands	100 ordinary shares of US\$1 each	100	100	Dormant
Perfectrade Limited	Hong Kong	20,000 ordinary shares of HK\$20,000	80	—	Provision of interior design services in Hong Kong
Perfectrade Macau Limited	Macau	MOP25,000	80	—	Dormant
Polyview International Limited	Hong Kong	2 ordinary shares of HK\$2	100	100	Investment holding and watch trading in Hong Kong
PTE Engineering Limited	Hong Kong	10,000 ordinary shares of HK\$10,000	80	—	Provision of construction services in Hong Kong
Superior Travellers Services Limited	Hong Kong	500,000 ordinary shares of HK\$500,000	100	100	Sale of travel related products and provision of marketing services for sale of travel related products in Hong Kong
Sure Glory Limited	Hong Kong	2 ordinary shares of HK\$2	100	—	Dormant
Tincati Asia Limited	Hong Kong	200 ordinary shares of HK\$20,000	100	—	Fashion wholesaling in Hong Kong
Tincati (Hong Kong) Limited	Hong Kong	1 ordinary share of HK\$1	100	—	Fashion retailing in Hong Kong
Top Angel Limited	Hong Kong	1 ordinary share of HK\$1	100	—	Dormant

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

37. SUBSIDIARIES (Continued)

Name	Place/ country of incorporation	Particulars of issued capital/ registered capital	Percentage of issued capital/ registered capital held by		Place of operation and principal activities
			Group	Company	
Trade Vantage Holdings Limited	Hong Kong	2 ordinary shares of HK\$2	100	—	Investment trading and advertising agency in Hong Kong
Yatheng Investments Limited	Hong Kong	10,000 ordinary shares of HK\$10,000	100	—	Dormant
Young's Diamond Corporation (International) Limited	Hong Kong	100,000 ordinary shares of HK\$10,000,000	99.05	99.05	Diamond wholesaling in Hong Kong
Young's Diamond Factory Limited	Hong Kong	2,000 ordinary shares of US\$20,000	99.05	—	Dormant
Young's Diamond Corporation (Shanghai) Limited [#]	PRC	US\$200,000	100	100	Diamond wholesaling in the PRC

[#] The names of these subsidiaries represent management's translation of the Chinese names of these companies as no English names have been registered.

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and investment activities. The financial risks include market risk (including currency risk, interest risk and other price risk), credit risk and liquidity risk. The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate strategies to manage the Group's exposure to financial risks. Generally, the Group utilises conservative strategies on its risk management. The Group's exposure to market risk is kept to a minimum. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not issue derivative financial instruments for trading purposes. The most significant financial risks to which the Group is exposed are described below.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

38.1 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated balance sheet relate to the following categories of financial assets and financial liabilities:

	2015 HK\$'000	2014 HK\$'000
Non-current assets		
Available-for-sale investments		
Financial assets at fair value	—	4,234
Financial assets at cost less impairment loss	952	952
	<u>952</u>	<u>5,186</u>
Current assets		
Investments at fair value through profit or loss	1,192	8,208
Loans and receivables		
Financial assets at amortised cost		
- Trade debtors	5,451	17,998
- Other receivables	14,013	23,332
- Trust bank balances held on behalf of clients	—	144
Cash and cash equivalents	117,788	122,634
	<u>138,444</u>	<u>172,316</u>
	<u>139,396</u>	<u>177,502</u>
Current liabilities		
Financial liabilities at fair value through profit or loss		
- Gold loans, unsecured	17,559	24,850
Financial liabilities at amortised cost		
- Trade payables	15,151	24,198
- Other payables and accruals	11,758	25,296
- Bank loans	147,500	201,000
	<u>191,968</u>	<u>275,344</u>

38.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of operations and its investing activities.

In order to minimise the credit risk, the management of the Group reviews the recoverable amount of each individual debt periodically and at each end of the reporting period to ensure that adequate impairment loss is made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced. The Group has no significant concentration of credit risk, with exposure spread over a number of counter parties and customers.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

38.2 Credit risk (Continued)

The credit risks for proceeds from sale of investments at fair value through profit or loss of the Group are considered immaterial as the counterparties are reputable financial institutions (broker with high credit ratings). The credit risks for cash and cash equivalents of the Group are also regarded as immaterial as they are deposited with major banks and other financial institutions with high credit ratings located in Hong Kong and the PRC.

The Group does not hold other material collateral over the financial assets.

See note 20 to the financial statements for details of Group's exposures to credit risk on trade debtors and other receivables.

The credit and investment policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

38.3 Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Most of the Group's transactions are carried out in HK\$. Exposures to currency exchange rates arise from the Group's investments, which are denominated in US\$, cash and cash equivalents, which are denominated in Euro ("EUR"), CHF and US\$ and gold loans which are denominated in US\$.

Details of financial assets and liabilities denominated in foreign currencies as at 31st March, translated into HK\$ equivalents at the closing rate, are as follows:

	2015			2014		
	EUR	CHF	US\$	EUR	CHF	US\$
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets						
Available-for-sale investments	—	—	—	—	—	4,234
Cash and cash equivalents	13	301	2,198	42	86	2,786
Financial liabilities						
Gold loans, unsecured	—	—	(17,559)	—	—	(24,850)
Net exposure	<u>13</u>	<u>301</u>	<u>(15,361)</u>	<u>42</u>	<u>86</u>	<u>(17,830)</u>

The Group reviews its foreign currency exposures regularly and does not consider its foreign currency risk to be significant. However, the Group would consider hedging of its foreign currency exposures if its foreign currency risk becomes significant.

The policies to manage foreign currency risk have been followed by the Group since prior years and are considered to be effective.

A reasonable change in US\$, EUR and CHF rates in the next twelve months is assessed to result in an immaterial change in the Group's loss after tax, retained profits and other components of capital and reserves. The Group adopts centralised treasury policies in cash and financial management and focuses on reducing the Group's overall exchange differences.

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

38.4 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to changes in market interest rates through its cash at banks and other financial institutions and bank loans at floating interest rates, which are subject to variable interest rates. The interest rates and terms are disclosed in notes 23 and 26.

The Group's policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no undue exposures to significant interest rate movements and rates are approximately fixed when necessary.

The policies to manage interest rate risk have been followed by the Group since prior years and are considered to be effective.

A reasonable change in interest rates in the next twelve months is assessed to result in an immaterial change in the Group's loss after tax and retained profits. Changes in interest rates have no impact on the Group's other components of capital and reserves. The Group adopts centralised treasury policies in cash and financial management and focuses on reducing the Group's overall interest expense.

38.5 Price risk

Price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates).

Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as investments at fair value through profit or loss and available-for-sale investments. Other than unquoted securities, all of these investments are listed.

The Group's listed investments are primarily listed on the stock exchanges of Hong Kong, the PRC and the United States of America ("USA"). Listed investments held in the available-for-sale portfolio have been chosen based on their long term growth potential and are monitored regularly for performance against expectations.

The policies to manage equity price risk have been followed by the Group since prior years and are considered to be effective.

The following table indicates the approximate change in the Group's loss after tax (and retained profits) and investment revaluation reserve in response to the reasonably possible changes in the stock market prices of Hong Kong, USA and the PRC, to which the Group has significant exposure at the end of the reporting period.

	2015			2014			Increase/ (decrease) in investment revaluation reserve HK\$'000
	Increase/ (decrease) in security market price	Decrease/ (increase) in loss after tax HK\$'000	Increase/ (decrease) in retained profits HK\$'000	Increase/ (decrease) in security market price	Decrease/ (increase) in loss after tax HK\$'000	Increase/ (decrease) in retained profits HK\$'000	
Hong Kong market	30%	358	358	30%	298	298	—
Hong Kong market	(30%)	(358)	(358)	(30%)	(298)	(298)	—
USA market	—	—	—	30%	—	—	1,270
USA market	—	—	—	(30%)	—	—	(1,270)
PRC market	—	—	—	30%	2,165	2,165	—
PRC market	—	—	—	(30%)	(2,165)	(2,165)	—

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

38.5 Price risk (Continued)

Equity price risk (Continued)

The sensitivity analysis above has been determined assuming that the change in equity price had occurred at the end of reporting period and had been applied to the exposure to price risk for the non-derivative financial instruments in existence at that date. The 30% increase/decrease represents management's assessment of a reasonably possible change in equity prices over the period until the next end of reporting period. The analysis was performed on the same basis for the year ended 31st March, 2014.

The Group adopts centralised treasury policies in cash and financial management and focuses on reducing the Group's overall exposure to fair value change.

Commodity price risk

The Group's commodity price risk arises from gold loans (note 25). Since the level of gold stocks is close to that of gold loans and they have offsetting effect on price fluctuation, the management of the Group does not expect that there will be any significant commodity price risk exposure.

The policies to manage commodity price risk have been followed by the Group since prior years and are considered to be effective.

38.6 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financial obligations, and also in respect of its cash flow management.

The Group's policy is to maintain sufficient cash and cash equivalents and have available funding to meet its working capital requirements. The Group's liquidity is dependent upon the cash received from its customers. The management of the Group is satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

As at 31st March, the Group's financial liabilities have contractual maturities, which are based on contractual undiscounted cash flows, as set out below:

	On demand HK\$'000	Within 6 months HK\$'000	More than 6 months HK\$'000	Total HK\$'000
At 31st March, 2015				
Trade payables	4,410	10,741	—	15,151
Other payables and accruals	7,962	3,094	702	11,758
Gold loans, unsecured	—	17,639	—	17,639
Bank loans	25,500	122,401	—	147,901
	<u>37,872</u>	<u>153,875</u>	<u>702</u>	<u>192,449</u>
At 31st March, 2014				
Trade payables	6,873	17,325	—	24,198
Other payables and accruals	13,678	7,140	4,478	25,296
Gold loans, unsecured	—	24,885	—	24,885
Bank loans	69,000	132,643	—	201,643
	<u>89,551</u>	<u>181,993</u>	<u>4,478</u>	<u>276,022</u>

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

38.7 Fair value measurements

The following table presents financial assets and liabilities measured at fair value in the consolidated balance sheet in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

As at 31st March, the financial assets and liabilities measured at fair value in the consolidated balance sheet are grouped into the fair value hierarchy as follows:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
2015				
Assets				
Investments at fair value through profit or loss	1,192	—	—	1,192
Total fair values	1,192	—	—	1,192
Liabilities				
Gold loans, unsecured	17,559	—	—	17,559
Total fair values	17,559	—	—	17,559
Net fair values	(16,367)	—	—	(16,367)
2014				
Assets				
Available-for-sale investments				
- Listed	4,234	—	—	4,234
Investments at fair value through profit or loss	8,208	—	—	8,208
Total fair values	12,442	—	—	12,442
Liabilities				
Gold loans, unsecured	24,850	—	—	24,850
Total fair values	24,850	—	—	24,850
Net fair values	(12,408)	—	—	(12,408)

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

Notes to the Financial Statements (Continued)

For the year ended 31st March, 2015

39. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are:

- (i) to ensure the Group's ability to continue as a going concern; and
- (ii) to provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The equity capital-to-overall financing ratio at the end of reporting period was as follows:

	2015 HK\$'000	2014 HK\$'000
Equity capital		
Total capital and reserves	<u>707,588</u>	<u>857,315</u>
Overall financing		
Gold loans, unsecured	17,559	24,850
Bank loans	<u>147,500</u>	<u>201,000</u>
	<u>165,059</u>	<u>225,850</u>
Equity capital-to-overall financing ratio	<u>4.29 : 1</u>	<u>3.80 : 1</u>

Summary of Investment Properties

Description	Lot No.	Gross Floor Area (sq. feet)	Interest Attributable to The Group	Type	Lease Term
Unit H, 3rd Floor, Kaiser Estate 2nd Phase, Nos. 47-53 Man Yue Street & Nos. 20-28 Man Lok Street, Hungohm, Kowloon, Hong Kong	The remaining portion of Section H of Kowloon Marine Lot No. 40	4,436	99.05%	C	Medium
Private Car Parking Space Nos. G10 & G33 on Ground Floor, Kaiser Estate 2nd Phase, Nos. 47-53 Man Yue Street & Nos. 20-28 Man Lok Street, Hungohm, Kowloon, Hong Kong	The remaining portion of Section H of Kowloon Marine Lot No. 40	N/A	99.05%	CP	Medium

C: Commercial
CP: Carpark
N/A: Not applicable

Five Year Financial Summary

	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
Assets and liabilities					
Total assets	907,119	1,139,672	1,296,581	1,320,277	1,316,011
Total liabilities	199,531	282,357	423,676	406,471	295,355
Current assets/current liabilities (times)	4.49	3.94	3.70	3.46	4.52
Capital and reserves					
Capital and reserves	707,588	857,315	872,905	913,806	1,020,656
Capital and reserves per share (HK\$)	1.08	1.31	2.01	2.10	2.35
Total assets/capital and reserves (times)	1.28	1.33	1.49	1.44	1.29
(Loss)/earnings					
(Loss)/profit before taxation	(150,994)	(130,786)	49,060	36,424	43,561
(Loss)/profit attributable to shareholders	(149,251)	(131,229)	50,457	36,254	34,605
(Loss)/earnings per share (cents)	(22.90)	(21.80)	11.50	8.20	7.90
Return on average total assets	(14.6%)	(10.8%)	3.9%	2.8%	2.8%
Return on average capital and reserves	(19.1%)	(15.2%)	5.6%	3.7%	3.5%
Dividend					
Dividend paid	—	—	3,264	4,134	6,091
Dividend per share (cents)	—	—	0.75	0.95	1.40
Dividend paid cover (times)	—	—	15.46	8.77	5.68

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