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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt about any aspect of this prospectus or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

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

Dealings in Shares and Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS and you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers for details of those settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Rights Issue Documents, together with the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Registrar of Companies in Hong Kong and the SFC take no responsibility as to the contents of any of the documents referred to above.

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# king fook holdings limited 景福集團有限公司

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 280)

## RIGHTS ISSUE OF 261,042,990 RIGHTS SHARES IN THE PROPORTION OF TWO RIGHTS SHARES FOR EVERY FIVE EXISTING SHARES HELD ON THE RECORD DATE AT HK\$0.60 PER RIGHTS SHARE

Financial Adviser to the Company

 SOMERLEY CAPITAL LIMITED

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Shares have been dealt with on an ex-rights basis from Thursday, 13 August 2015. The Rights Shares will be dealt with in their nil-paid form from Friday, 21 August 2015 to Friday, 28 August 2015. Any person dealing in Shares or Rights Shares between the date of this prospectus and the date the Rights Issue becomes unconditional will bear the risk that the Rights Issue may not become unconditional and may not proceed.

The Rights Issue is conditional on the Underwriting Agreement having become unconditional and not having been terminated (see the sub-section headed "Termination of the Underwriting Agreement" in the letter from the Board in this prospectus). The conditions to the Underwriting Agreement are set out in the sub-section headed "Conditions of the Underwriting Agreement" in the letter from the Board in this prospectus.

The Underwriter may (after such consultation with the Company and/or its adviser as the circumstances shall admit) by notice in writing given to the Company on or before 5:00 p.m. on the third Business Day immediately prior to the Despatch Date rescind the Underwriting Agreement if (a) there develops, occurs or comes into force: (1) any new law or government regulation or other occurrence of any nature whatsoever which in the absolute opinion of the Underwriter adversely affects or may adversely affect the business of the Group or any part thereof to a material extent or is materially adverse in the context of the Rights Issue; or (2) any change in local, national, international, financial, political or economic conditions which in the absolute opinion of the Underwriter is materially adverse in the context of the Rights Issue; or (3) any adverse change in market conditions which in the absolute opinion of the Underwriter materially prejudicially affects the Rights Issue, or (b) there comes to the notice of the Underwriter any matter or event showing any of the representations and warranties in the Underwriting Agreement to be untrue or inaccurate in any respect which the Underwriter consider to be material. If the Underwriter terminates the Underwriting Agreement, then the Rights Issue will not proceed.

The latest time for acceptance of and payment for the Rights Shares is 4:30 p.m. on Wednesday, 2 September 2015. The procedure for acceptance of and payment or transfer of the Rights Shares is set out in the sub-section headed "Procedures for acceptance and payment or transfer" in the section headed "Rights Issue" of the letter from the Board set out in this prospectus.

19 August 2015

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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following expressions used shall have the following meanings:*

“acting in concert”	:	has the meaning ascribed to it under the Takeovers Code
“Announcement”	:	the announcement of the Company dated 8 July 2015 relating to, among other things, the Rights Issue and the application for the Whitewash Waiver
“Board”	:	the board of Directors
“Business Day”	:	a day (excluding Saturday, Sunday or a public holiday) on which banks are generally open for business in Hong Kong
“CCASS”	:	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	:	King Fook Holdings Limited, a company incorporated in Hong Kong with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
“Companies Ordinance”	:	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong
“Companies (WUMP) Ordinance”	:	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong
“Concert Group”	:	YCSEL and parties acting in concert with it
“Despatch Date”	:	Wednesday, 9 September 2015 (or such other date as the Underwriter and the Company may agree in writing), being the intended date of despatch of certificates of the Rights Shares to those entitled thereto
“Director(s)”	:	the director(s) of the Company
“EGM”	:	the extraordinary general meeting of the Company held on 11 August 2015 at which the Independent Shareholders approved the Rights Issue, the Underwriting Agreement and the Whitewash Waiver
“Excess Application Form(s)”	:	the form(s) of application for excess Rights Shares for the Rights Issue
“Excluded Shareholder(s)”	:	Overseas Shareholder(s) whom the Directors, after making enquiry regarding the legal restrictions under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges, consider it necessary or expedient to exclude from the Rights Issue

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## DEFINITIONS

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“Executive”	:	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Final Acceptance Date”	:	Wednesday, 2 September 2015, being the last day for acceptance of and payment for the Rights Shares
“Group”	:	the Company and its subsidiaries
“HK\$”	:	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	:	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKSCC”	:	Hong Kong Securities Clearing Company Limited
“Independent Shareholders”	:	the Shareholders other than the Concert Group and those who are involved in or interested in the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver
“Latest Practicable Date”	:	14 August 2015, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this prospectus
“Listing Committee”	:	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	:	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company on the Record Date was/were outside Hong Kong
“Principal Shares”	:	the 313,127,784 Shares in which YCSEL has interests
“Provisional Allotment Letter(s)”	:	the provisional allotment letter(s) for the Rights Issue
“Qualifying Shareholder(s)”	:	the Shareholder(s) whose name(s) appeared on the register of members of the Company on the Record Date, other than the Excluded Shareholders
“Record Date”	:	Monday, 17 August 2015, being the record date to determine entitlements to the Rights Issue

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## DEFINITIONS

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“Rights Issue”	:	the issue by the Company of 261,042,990 Rights Shares at the Subscription Price on the basis of two Rights Shares for every five existing Shares held on the Record Date payable in full on acceptance on the terms and conditions as set out in this prospectus
“Rights Issue Documents”	:	this prospectus, the Provisional Allotment Letter and the Excess Application Form
“Rights Share(s)”	:	new Share(s) to be allotted and issued by the Company under the Rights Issue
“SFC”	:	the Securities and Futures Commission of Hong Kong
“SFO”	:	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Registrar”	:	Computershare Hong Kong Investor Services Limited
“Share(s)”	:	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	:	holder(s) of Share(s)
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“Subscription Price”	:	the subscription price of HK\$0.60 per Rights Share
“Takeovers Code”	:	the Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	:	the underwriting agreement dated 3 July 2015 among the Company, the executive Directors and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	:	the Rights Shares, other than those undertaken to be subscribed by YCSEL and its associates, underwritten by the Underwriter subject to the terms and conditions of the Underwriting Agreement (being 135,791,878 Rights Shares)
“Untaken Shares”	:	any of the Underwritten Shares not taken up by the Qualifying Shareholders under the Rights Issue

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## DEFINITIONS

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- “Whitewash Waiver” : a waiver granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of YCSEL to make a general offer for all the issued Shares not already owned or agreed to be acquired by the Concert Group which may otherwise arise as a result of the subscription of the Rights Shares by YCSEL pursuant to the Underwriting Agreement and/or pursuant to the Concert Group’s application for any excess Rights Shares which is accepted by the Company
- “YCSEL” or “Underwriter” : Yeung Chi Shing Estates Limited, a company incorporated in Hong Kong with limited liability, and a substantial Shareholder and the underwriter to the Rights Issue
- “%” : per cent

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## EXPECTED TIMETABLE

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The expected timetable for the Rights Issue is set out below:

2015

First day of dealings in nil-paid Rights Shares	:	Friday, 21 August
Latest time for splitting of nil-paid Rights Shares	:	4:30 p.m. on Tuesday, 25 August
Last day of dealings in nil-paid Rights Shares	:	Friday, 28 August
Latest time for acceptance of, and payment for the Rights Shares and for application and payment for excess Rights Shares	:	4:30 p.m. on Wednesday, 2 September
Rights Issue expected to become unconditional	:	5:00 p.m. on Friday, 4 September
Announcement of results of acceptance of and excess applications for the Rights Issue	:	Tuesday, 8 September
Despatch of refund cheques in respect of unsuccessful or partially unsuccessful excess applications for excess Rights Shares on or before	:	Wednesday, 9 September
Despatch of certificates for fully-paid Rights Shares on or before	:	Wednesday, 9 September
Commencement of dealings in fully-paid Rights Shares	:	9:00 a.m. on Thursday, 10 September

*Notes:*

1. All times in this prospectus refer to Hong Kong times.
2. The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place at the time stated above if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:
  - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Final Acceptance Date. In such event, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
  - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Final Acceptance Date. In such event, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Final Acceptance Date, the dates mentioned in the expected timetable above may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

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LETTER FROM THE BOARD

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king fook holdings limited  
景福集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 280)

*Executive Directors*

Mr. Yeung Ping Leung, Howard  
Mr. Tang Yat Sun, Richard  
Mr. Cheng Ka On, Dominic  
Ms. Fung Chung Yee, Caroline

*Registered office*

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

*Non-executive Director*

Mr. Wong Wei Ping, Martin

*Independent non-executive Directors*

Mr. Lau To Yee  
Mr. Cheng Kar Shing, Peter  
Mr. Ho Hau Hay, Hamilton  
Mr. Sin Nga Yan, Benedict  
Mr. Cheng Kwok Shing, Anthony

19 August 2015

*To the Qualifying Shareholders,  
and for information only, the Excluded Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE OF 261,042,990 RIGHTS SHARES  
IN THE PROPORTION OF TWO RIGHTS SHARES FOR  
EVERY FIVE EXISTING SHARES HELD ON THE RECORD DATE AT  
HK\$0.60 PER RIGHTS SHARE**

**INTRODUCTION**

As mentioned in the Announcement, subject to the satisfaction of certain conditions, the Company proposed to raise about HK\$156.6 million before expenses by way of a rights issue of 261,042,990 Shares, on the basis of two Rights Shares for every five existing Shares held on the Record Date, at the Subscription Price of HK\$0.60 per Rights Share. The Rights Issue is fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.



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## LETTER FROM THE BOARD

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The Underwriting Agreement is conditional on, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders. On 10 August 2015, the Executive granted the Whitewash Waiver which was subject to, among other things, the approval of the Independent Shareholders by way of poll at the EGM. At the EGM, the resolution in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver was duly passed by the Independent Shareholders by way of poll. In compliance with the Takeovers Code, Shareholders who were involved in or interested in the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver (including YCSEL and the estate of Madam Kwok Yan Chee, who were interested in 313,127,784 Shares and 5,061,000 Shares, representing approximately 47.98% and 0.78% of the total issued share capital of the Company, respectively as at the date of the EGM) had abstained from voting on such resolution at the EGM.

The purpose of this prospectus is to provide you with details of the Rights Issue.

### RIGHTS ISSUE

#### Issue statistics

Basis of the Rights Issue	:	Two Rights Shares for every five existing Shares held on the Record Date
Subscription Price	:	HK\$0.60 per Rights Share
Number of existing Shares in issue as at the Latest Practicable Date	:	652,607,475 Shares
Number of Rights Shares	:	261,042,990 Rights Shares
Enlarged total number of issued Shares upon completion of the Rights Issue	:	913,650,465 Shares

As at the Latest Practicable Date, the Company had no outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares.

The 261,042,990 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 40.0% of the existing issued share capital of the Company and approximately 28.57% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue.

#### Subscription Price

The subscription price of HK\$0.60 per Rights Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 28.57% to the closing price of HK\$0.84 per Share as quoted on the Stock Exchange on 3 July 2015, being the last trading day prior to the publication of the Announcement;

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## LETTER FROM THE BOARD

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- (ii) a discount of approximately 37.50% to the average closing price of approximately HK\$0.96 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 3 July 2015;
- (iii) a discount of approximately 41.18% to the average closing price of approximately HK\$1.02 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including 3 July 2015;
- (iv) a discount of approximately 22.08% to the theoretical ex-rights price of approximately HK\$0.77 per Share based on the closing price as quoted on the Stock Exchange on 3 July 2015;
- (v) a discount of approximately 44.44% to the audited consolidated net tangible asset value per Share of approximately HK\$1.08 (based on the latest published audited consolidated net tangible asset value of the Group attributable to the Shareholders of approximately HK\$707.5 million as at 31 March 2015 and 652,607,475 Shares in issue as at the Latest Practicable Date); and
- (vi) a discount of approximately 4.76% to the closing price of HK\$0.63 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to (i) the loss-making performance of the Group for the latest two years ended 31 March 2015; and (ii) the recent market prices and trading volume of the Shares. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Date. The Directors consider the Subscription Price, which has been set at a discount as described above with an objective to encourage the existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Status of the Rights Shares**

The Rights Shares, when issued and fully paid, will rank *pari passu* with the Shares in issue on the date of allotment of the Rights Shares in all respects. Holders of such Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares.

### **Excluded Shareholders**

The Rights Issue Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. There were 10 Overseas Shareholders in Canada, United Kingdom, Macau, Malaysia and the United States of America on the Record Date. The Company has made enquiries regarding the legal restrictions under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchange of extending the Rights Issue to such Overseas Shareholders. The Directors, based on results of such enquiries made, consider that it is expedient to exclude such Overseas Shareholders from the Rights Issue. The Company has sent a copy of this prospectus to each of the Excluded Shareholders for information only, but not the Provisional Allotment Letter or the Excess Application Form.

No action has been taken to permit the offering of the Rights Shares, or the distribution of this prospectus or any of the related application forms, in any territory or jurisdiction outside Hong Kong. Accordingly, no person receiving a copy of this prospectus or the Provisional Allotment Letter or the Excess Application Form in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in the relevant territory or jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements.

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## LETTER FROM THE BOARD

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It is the responsibility of any person (including but without limitation to nominee, custodian, agent and trustee) receiving a copy of this prospectus or the Provisional Allotment Letter or the Excess Application Form outside Hong Kong and wishing to take up the Rights Shares or make an application for excess Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents for observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. If you are in any doubt as to your position, you should consult your professional adviser. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, to be sold as soon as practicable after dealings in nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of HK\$100 or more will be paid pro rata (but rounded down to the nearest cent) to the relevant Excluded Shareholders in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for its own benefit.

### **Fractional entitlement to the Rights Shares**

The Company has not provisionally allotted fractions of Rights Shares. All fractions of Rights Shares will be aggregated and sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any unsold fractions of Rights Shares will be available for excess application.

### **Procedures for acceptance and payment or transfer**

For each Qualifying Shareholder, a Provisional Allotment Letter is enclosed with this prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown on the Provisional Allotment Letter. If a Qualifying Shareholder wishes to exercise his/her/its rights to subscribe for all the Rights Shares provisionally allotted to him/her/it as specified in the Provisional Allotment Letter, he/she/it must lodge the Provisional Allotment Letter in accordance with the instructions printed on the Provisional Allotment Letter, together with a remittance for the full amount payable on acceptance, with the Share Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Wednesday, 2 September 2015. All remittances must be made in Hong Kong dollars and must be either by cheques drawn on an account with, or banker’s cashier orders issued by, a licensed bank in Hong Kong and made payable to “**King Fook Holdings Limited — Provisional Allotment Account**” and crossed “**Account Payee Only**”. No receipt will be given for such remittances.

It should be noted that unless the Provisional Allotment Letter, together with the appropriate remittance, has been lodged with the Share Registrar by 4:30 p.m. on Wednesday, 2 September 2015, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

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## LETTER FROM THE BOARD

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If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer a part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the Provisional Allotment Letter or to transfer such rights to more than one person, the entire Provisional Allotment Letter must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Tuesday, 25 August 2015 to the Share Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, which will cancel the original Provisional Allotment Letter and issue new Provisional Allotment Letters in the denominations required. The new Provisional Allotment Letters will be available for collection at the same place on the second Business Day after the surrender of the original Provisional Allotment Letter. The Provisional Allotment Letter contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques and cashier’s orders will be presented for payment following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Any Provisional Allotment Letter in respect of which the cheque or cashier’s order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights under the provisional allotment will be deemed to have been declined and will be cancelled.

If the condition of the Rights Issue is not fulfilled on or before 5:00 p.m. on the third Business Day immediately prior to the Despatch Date, the monies received in respect of the relevant provisional allotments will be returned to the Qualifying Shareholders without interest, by means of cheques despatched by ordinary post to the Qualifying Shareholders at their own risk on or before Wednesday, 9 September 2015.

### **Application for excess Rights Shares**

Qualifying Shareholders are entitled to apply for any unsold entitlements of the Excluded Shareholders, any unsold Rights Shares created by adding together fractions of the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders.

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the enclosed Excess Application Form in accordance with the instructions printed on the Excess Application Form and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Share Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Wednesday, 2 September 2015. All remittances must be made in Hong Kong dollars and must be either by cheques drawn on an account with, or banker’s cashier orders issued by, a licensed bank in Hong Kong and made payable to “**King Fook Holdings Limited — Excess Application Account**” and crossed “**Account Payee Only**”. No receipt will be given for such remittances. An announcement of the results of acceptance of and excess applications for the Rights Issue will be published on Tuesday, 8 September 2015.

All cheques and cashier’s orders will be presented for payment following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Any Excess Application Form in respect of which the cheque or cashier’s order is dishonoured on first presentation is liable to be rejected.

The Directors will allocate the excess Rights Shares at their discretion, but on a fair and equitable basis to Qualifying Shareholders who have applied for excess Rights Shares on the following principles:

- (1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings (in particular those already existed on the date of the Announcement or created as a result of the Rights Issue) to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism;

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## LETTER FROM THE BOARD

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- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, any remaining excess Rights Shares will be allocated to applicants in proportion to the respective shareholdings of the applicants in the Company as at the Record Date; and
- (3) subject to availability of excess Rights Shares after allocation under principles (1) and (2) above (which may arise if applicants with relatively high shareholdings in the Company as at the Record Date apply for small number of excess Rights Shares), any further remaining excess Rights Shares will be allocated to applicants in proportion to the number of excess Rights Shares being applied for under each application.

Shareholders with their Shares held by a nominee company (or which are deposited into CCASS) should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the above arrangement in relation to allocation of excess Rights Shares will not be extended to the beneficial owners individually. If the condition of the Rights Issue is not fulfilled on or before 5:00 p.m. on the third Business Day immediately prior to the Despatch Date, the monies received in respect of applications for excess Rights Shares will be returned to the Qualifying Shareholders without interest, by means of cheques despatched by ordinary post to the Qualifying Shareholders at their own risk on or before Wednesday, 9 September 2015.

If no excess Rights Shares are allotted to the Qualifying Shareholders, a refund cheque for the full amount tendered on application is expected to be despatched by ordinary post to each of such Qualifying Shareholders at their own risk on or before Wednesday, 9 September 2015. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, a cheque for the surplus application monies is expected to be despatched by ordinary post to each of such Qualifying Shareholders at their own risk on or before Wednesday, 9 September 2015.

### **Application for listings**

The Company has applied to the Listing Committee for the listings of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 2,000 Shares in one board lot.

Dealings in the Rights Shares in their nil-paid and fully-paid forms will be subject to the payment of stamp duty in Hong Kong.

It is expected that the Rights Shares will be dealt with in their nil-paid form from Friday, 21 August 2015 to Friday, 28 August 2015. Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered on the register of members of the Company will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and any other applicable fees and charges in Hong Kong.

Subject to the grant of listings of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in nil-paid and fully-paid forms respectively on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted into CCASS.

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## LETTER FROM THE BOARD

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### Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the condition of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by Wednesday, 9 September 2015 by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted by Wednesday, 9 September 2015 by ordinary post to the applicants at their own risk.

### Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the holding or disposal of, or dealing in the Rights Shares and, as regards the Excluded Shareholders, their receipt of the net proceeds of sale of the Rights Shares in their nil-paid form otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of the holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares.

### Condition of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms or otherwise. The conditions to the Underwriting Agreement are set out in the sub-section headed “Conditions of the Underwriting Agreement” below.

**If the conditions of the Underwriting Agreement are not fulfilled, the Rights Issue will not proceed.**

### Irrevocable undertaking from YCSEL

YCSEL, which was interested in 313,127,784 Shares as at the Latest Practicable Date representing approximately 47.98% of the existing issued Shares, has irrevocably undertaken to the Company that:

- (a) it and its associates are and up to and inclusive of the Final Acceptance Date will remain the beneficial owners of at least the number of Principal Shares; and
- (b) it and its associates will take up and accept (or procure that the registered holders thereof shall take up and accept) the rights entitlement in full under the Rights Issue in respect of the Principal Shares prior to 4:30 p.m. on the Final Acceptance Date.

### Underwriting Agreement

**Date:** 3 July 2015

**Parties:**

- (i) the Company;
- (ii) the executive Directors; and
- (iii) YCSEL.



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## LETTER FROM THE BOARD

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**Number of the Underwritten Shares:** 135,791,878 Rights Shares, being the total number of Rights Shares under the Rights Issue excluding 125,251,112 Rights Shares undertaken to be subscribed by YCSEL and its associates pursuant to the irrevocable undertaking mentioned above.

**Fee and commission:** In consideration of the services of the Underwriter thereunder, the Company will pay to the Underwriter an underwriting commission of 2.5% of the Subscription Price on all of the Underwritten Shares.

The commission rate was determined after arm's length negotiation between the Company and the Underwriter by reference to, among other things, the size of the Rights Issue, and the current and expected market condition. The Directors consider the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders are concerned.

### Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional on:

- (a) the passing at the EGM of necessary resolution(s) by the Independent Shareholders to approve the Rights Issue and the Whitewash Waiver at which the voting shall be taken on a poll and in accordance with the Listing Rules and the Takeovers Code;
- (b) the granting of the Whitewash Waiver to YCSEL by the Executive;
- (c) the signing by or on behalf of all Directors of two copies each of the Rights Issue Documents;
- (d) the registration of one such copy signed by or on behalf of all Directors of the Rights Issue Documents (and all documents required to be attached thereto) by the Registrar of Companies in Hong Kong;
- (e) the posting of the Prospectus to the Excluded Shareholders and the posting of the Rights Issue Documents to the Qualifying Shareholders;
- (f) the performance in full by YCSEL of its undertaking to take up its rights entitlements in full; and
- (g) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject only to allotment) listings of and permission to deal in the Rights Shares, in nil-paid and fully paid forms.

None of the conditions above is waivable. Conditions (a) to (e) above have been fulfilled. In the event of condition (f) above not being fulfilled on or before the Final Acceptance Date or condition (g) above not being fulfilled on or before 5:00 p.m. on the third Business Day immediately before the Despatch Date (or such later date or dates as the Underwriter may agree), all liabilities of the parties thereunder will cease and determine and no party will have any claim against the others save that the Company will pay to the Underwriter the fees and expenses pursuant to the Underwriting Agreement.

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## LETTER FROM THE BOARD

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### **Termination of the Underwriting Agreement**

The Underwriter may (after such consultation with the Company and/or its adviser as the circumstances shall admit) by notice in writing given to the Company on or before 5:00 p.m. on the third Business Day immediately prior to the Despatch Date rescind the Underwriting Agreement if:

- a) **there develops, occurs or comes into force:**
  - (i) **any new law or government regulation or other occurrence of any nature whatsoever which in the absolute opinion of YCSEL adversely affects or may adversely affect the business of the Group or any part thereof to a material extent or is materially adverse in the context of the Rights Issue; or**
  - (ii) **any change in local, national, international, financial, political or economic conditions which in the absolute opinion of YCSEL is materially adverse in the context of the Rights Issue; or**
  - (iii) **any adverse change in market conditions which in the absolute opinion of YCSEL materially prejudicially affects the Rights Issue and makes it inadvisable or inexpedient to proceed therewith,**

**or**

- b) **there comes to the notice of YCSEL any matter or event showing any of the representations and warranties in the Underwriting Agreement to be untrue or inaccurate in any respect which YCSEL considers to be material.**

**If the Underwriter terminates the Underwriting Agreement, all obligations of the Underwriter thereunder will cease and determine and no party will have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided however that the Company shall pay the Underwriter the fees and expenses as agreed in the Underwriting Agreement. In such event the Rights Issue will not proceed.**



## LETTER FROM THE BOARD

### Changes in the shareholding structure of the Company

Set out below is the shareholding structures of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue under various scenarios:

	(i) As at the Latest Practicable Date		(ii) Immediately upon completion of the Rights Issue			
	No. of Shares	Approx. %	(a) assuming full acceptance by all Qualifying Shareholders under the Rights Issue		(b) assuming full acceptance by YCSEL but nil acceptance by other Qualifying Shareholders under the Rights Issue	
No. of Shares			Approx. %	No. of Shares	Approx. %	No. of Shares
YCSEL ( <i>Note 1</i> )	313,127,784	47.98	438,378,896	47.98	574,170,774	62.84
Estate of Madam Kwok Yan Chee	5,061,000	0.78	7,085,400	0.78	5,061,000	0.55
<b>Sub-total of the Concert Group</b>	<b>318,188,784</b>	<b>48.76</b>	<b>445,464,296</b>	<b>48.76</b>	<b>579,231,774</b>	<b>63.39</b>
Tang Yat Sun, Richard ( <i>Note 2</i> )	27,928,500	4.28	39,099,900	4.28	27,928,500	3.06
Ho Hau Hay, Hamilton ( <i>Note 2</i> )	4,755,000	0.73	6,657,000	0.73	4,755,000	0.52
Cheng Ka On, Dominic ( <i>Note 2</i> )	2,622,000	0.40	3,670,800	0.40	2,622,000	0.29
Public Shareholders	299,113,191	45.83	418,758,469	45.83	299,113,191	32.74
<b>Total</b>	<b>652,607,475</b>	<b>100.00</b>	<b>913,650,465</b>	<b>100.00</b>	<b>913,650,465</b>	<b>100.00</b>

*Notes:*

- 303,887,754 Shares are beneficially owned by YCSEL while 9,240,030 Shares are owned by its wholly owned subsidiary, Hilmanway Enterprises Limited.
- Messrs. Tang Yat Sun, Richard, Cheng Ka On, Dominic and Ho Hau Hay, Hamilton are Directors.

### Reasons for the Rights Issue and use of proceeds

The Group is principally engaged in gold ornament, jewellery, watch, fashion and gift retailing, bullion trading and diamond wholesaling.

The gross proceeds of the Rights Issue are expected to be approximately HK\$156.6 million before expenses. The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK\$151.6 million. The net Subscription Price is expected to be approximately HK\$0.58.

The Company intends to apply the net proceeds of the Rights Issue (i) as to about 35% of the net proceeds (approximately HK\$53.1 million) for optimising capital structure, including but not limited to, repayment of existing indebtedness of the Group; and (ii) as to about 65% of the net proceeds (approximately HK\$98.5 million) for expected working capital requirements for operations, including but not limited to, salaries and rental expenses.

The Directors consider that the terms and conditions of the Rights Issue to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is conditional on the Underwriting Agreement having become unconditional and not having been terminated (see the sub-section headed “Termination of the Underwriting Agreement” above). The conditions to the Underwriting Agreement are set out in the sub-section headed “Conditions of the Underwriting Agreement” of the section headed “Rights Issue” above. Shares have been dealt with on an ex-rights basis from Thursday, 13 August 2015 and Rights Shares will be dealt with in their nil-paid form from Friday, 21 August 2015 to Friday, 28 August 2015. If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed.

Any buying or selling of Shares or nil-paid Rights Shares between the date of this prospectus and the date the Rights Issue becomes unconditional is at an investor’s own risk.

Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in Shares and nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their professional advisers.

### FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST 12 MONTHS

The Company had not conducted other equity fund raising exercise in the 12 months immediately preceding the Latest Practicable Date.

### INFORMATION ON YCSEL

YCSEL is an investment holding company. It is not engaged in the business of underwriting. All of the beneficial owners of YCSEL are close family members and foundations of the late Mr. Young Chi Wan (who are parties acting in concert with YCSEL), including Mr. Yeung Ping Leung, Howard (the Chairman of the Company and an executive Director, and a director of YCSEL). Such Director and other members of his family control the management of YCSEL. There is no controlling shareholder of YCSEL (within the meaning of the Takeovers Code).

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this prospectus.

Yours faithfully,  
For and on behalf of the Board of  
**King Fook Holdings Limited**  
**Yeung Ping Leung, Howard**  
*Chairman*

## 1. SUMMARY OF FINANCIAL INFORMATION

Financial information of the Group for the three years ended 31 March 2015 are disclosed in the annual report of the Company for the year ended 31 March 2013 (pages 26 to 85) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0730/LTN20130730279.pdf>), the annual report of the Company for the year ended 31 March 2014 (pages 27 to 85) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0725/LTN20140725401.pdf>) and the annual report of the Company for the year ended 31 March 2015 (pages 28 to 81) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0723/LTN20150723356.pdf>), respectively, which are also published on the Company's designated website (<http://www.irasia.com/listco/hk/kingfook/index.htm>).

## 2. INDEBTEDNESS

As at the close of business on 30 June 2015, being the latest practicable date for ascertaining information regarding this indebtedness statement prior to the printing of this prospectus, the Group had outstanding borrowings of approximately HK\$159,434,000 comprising bank loans of approximately HK\$142,000,000 and unsecured gold loans of approximately HK\$17,434,000. As at 30 June 2015, except for the bank loan of the Group of HK\$5,000,000 which was secured by an insurance policy with coverage of HK\$19,370,000, all other loans were unsecured.

As at the close of business on 30 June 2015, the Group had no contingent liability arising in the ordinary course of business.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate rates of exchange prevailing at the close of business on 30 June 2015.

Save as aforesaid and apart from intra-group liabilities and normal accruals and payables in the ordinary course of the business, the Group did not have any bank loans, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures or other loan capital, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities outstanding as at the close of business on 30 June 2015.

### **3. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

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 ended 31 March 2015. 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.

### **4. WORKING CAPITAL**

The Directors, after due and careful consideration, are of the opinion that the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this prospectus in the absence of any unforeseeable circumstances after taking into account its present internal resources and available banking facilities together with the estimated net proceeds of the Rights Issue.

### **5. MATERIAL ADVERSE CHANGE**

The Board confirms that there had been no material adverse change in the financial or trading position or outlook of the Group since 31 March 2015 (the date to which the latest audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date.

*For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.*

**A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the “**Unaudited Pro Forma Financial Information**”) prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue, which involves the issue of 261,042,990 Rights Shares at the Subscription Price of HK\$0.60 per Rights Share on the basis of two Rights Shares for every five existing Shares in issue held on the Record Date, on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had taken place on 31 March 2015.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company derived from the consolidated balance sheet of the Group as at 31 March 2015, as extracted from the published annual report of the Company for the year ended 31 March 2015 and is adjusted for the effect of the Rights Issue.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, based on the judgements, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Rights Issue actually been completed on 31 March 2015 or at any future date.

	<b>Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2015 (Note 2) HK\$'000</b>	<b>Estimated net proceeds of the Rights Issue (Note 3) HK\$'000</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company HK\$'000</b>
Issue of 261,042,990 Rights Shares at Subscription Price of HK\$0.60 per Rights Share (Note 1)	<u>707,455</u>	<u>151,626</u>	<u>859,081</u>
	<b>HK\$</b>		<b>HK\$</b>
Consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 31 March 2015 (Note 2)	<u>1.08</u>		
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share (Note 4)			<u>0.94</u>

*Notes:*

- 1) The Rights Issue of 261,042,990 Rights Shares is calculated on the basis of two Rights Shares for every five existing Shares and 652,607,475 Shares in issue as at the Record Date.
- 2) The calculation of consolidated net tangible assets of the Group attributable to the owners of the Company per Share is based on 652,607,475 Shares in issue as at 31 March 2015.
- 3) The estimated net proceeds of the Rights Issue of approximately HK\$151,626,000 is calculated based on 261,042,990 Rights Shares to be issued at the Subscription Price of HK\$0.60 per Right Share and after deduction of the estimated related expenses of approximately HK\$5,000,000.
- 4) The unaudited pro forma adjusted consolidated net tangible assets per Share after completion of the Rights Issue is calculated based on 913,650,465 Shares assuming that the Rights Issue had been completed on 31 March 2015.
- 5) The unaudited pro forma financial information of the Group presented above does not take account of any trading result or other transactions of the Group entered into subsequent to 31 March 2015.

*The following is the text of a report from BDO Limited, the independent reporting accountants, in respect of the unaudited pro forma financial information of the Group as set out in this Appendix and prepared for the sole purpose of inclusion in this prospectus.*

## **B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The Board of Directors  
King Fook Holdings Limited  
9th Floor, King Fook Building  
30–32 Des Voeux Road Central  
Hong Kong

Dear Sirs

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of King Fook Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of consolidated net tangible assets of the Group as at 31 March 2015, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II – 1 to II – 2 of Appendix II to the prospectus issued by the Company dated 19 August 2015 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II – 1 to II – 2 of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact in respect of the proposed rights issue of 261,042,990 rights shares on the basis of two rights shares for every five existing shares in issue held on the record date (the “**Rights Issue**”) on the Group’s consolidated net tangible assets as at 31 March 2015 as if the Rights Issue had taken place on 31 March 2015. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the annual report of the Company for the year ended 31 March 2015 which was published on 23 July 2015.

### **Directors’ responsibility for the Pro Forma Financial Information**

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

### **Reporting accountants’ responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the

Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction on 31 March 2015 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully

**BDO Limited**

*Certified Public Accountants*

Hong Kong, 19 August 2015



**RESPONSIBILITY STATEMENT**

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

**SHARE CAPITAL**

The Company does not have an authorised share capital. The Shares do not have any nominal value. The issued share capital of the Company as at the Latest Practicable Date was and immediately after completion of the Rights Issue will be, as follows:

Issued and to be issued, fully paid or credited as fully paid:

652,607,475	Shares in issue as at the Latest Practicable Date
<u>261,042,990</u>	Rights Shares to be issued
<u>913,650,465</u>	Shares

All the Shares in issue rank, *pari passu* in all respects with each other including rights to dividends, voting and return of capital. The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* with each other and the then existing Shares in issue in all respects including rights to dividends, voting and return of capital.

Subsequent to 31 March 2015, the end of the last financial year of the Company, and up to the Latest Practicable Date, the Company had not issued any Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company had no outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares.

**DIRECTORS*****Executive Directors***

Mr. Yeung Ping Leung, Howard, aged 58, was appointed as a Director and the chairman of the Company in 1987 and 1998 respectively. Mr. Yeung is a director of King Fook Jewellery Group Limited and King Fook Holding Management Limited and an executive director of King Fook Gold & Jewellery Company Limited, all of which are wholly owned subsidiaries of the Company. He is a director of New World Development Company Limited and Miramar Hotel and Investment Company, Limited (both of which are listed on the Main Board of the Stock Exchange).

Mr. Tang Yat Sun, Richard, aged 62, was appointed as a Director and the vice chairman of the Company in 1987 and 1998 respectively. Mr. Tang is a director of King Fook Jewellery Group Limited and an executive director of King Fook Gold & Jewellery Company Limited, two wholly owned subsidiaries of the Company. He is 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. Mr. Tang is the chairman and managing director of Richcom Company Limited. He is also an executive director of Miramar Hotel and Investment Company, Limited and an independent non-executive director of Hang Seng Bank Limited and Wheelock and Company Limited (all of which are listed on the Main Board of the Stock Exchange) and a director of various private business enterprises. He is also an adviser of Tang Shiu Kin and Ho Tim Charitable Fund.

Mr. Cheng Ka On, Dominic, aged 65, was appointed as a Director in 1987. Mr. Cheng is a director of King Fook Jewellery Group Limited and an executive director of King Fook Gold & Jewellery Company Limited, two wholly owned subsidiaries of the Company. He is a director of Miramar Hotel and Investment Company, Limited, which is listed on the Main Board of the Stock Exchange, and is the managing director of the Onflo International Group of Companies.

Ms. Fung Chung Yee, Caroline, aged 62, was appointed as a Director in 1987. Ms. Fung is a director of King Fook Jewellery Group Limited and King Fook China Resources Limited, two wholly owned subsidiaries of the Company. She joined the Group in 1983. She is a member of the Remuneration Committee of the Company.

#### ***Non-executive Director***

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. He was appointed as a Director in 2000.

#### ***Independent non-executive Directors***

Mr. Lau To Yee, aged 77, was appointed as an independent non-executive Director in 1994. He is a member of the Audit Committee of the Company.

Mr. Cheng Kar Shing, Peter, aged 62, was appointed as an independent non-executive Director in 1997. He is a member of the Remuneration Committee of the Company and a director of King Fook Gold & Jewellery Company Limited, a wholly owned subsidiary of the Company. Mr. Cheng is a director of New World Development Company Limited and an executive director of New World China Land Limited, both of which are listed on the Main Board of the Stock Exchange. He is also a director of New World Hotels (Holdings) Limited and Chow Tai Fook Enterprises Limited, and the deputy managing director of New World Development (China) Ltd.

Mr. Ho Hau Hay, Hamilton, aged 64, was appointed as a non-executive Director in 2004 and re-designated as an independent non-executive Director in June 2012. He is an independent non-executive director of New World Development Company Limited (which is listed on the Main Board of the Stock Exchange) and an executive director of Honorway Investments Limited and Tak Hung (Holding) Company Limited.

Mr. Sin Nga Yan, Benedict, aged 51, was appointed as a non-executive Director in 2006 and was re-designated as an independent non-executive Director in June 2012. He is a director and general manager of Myer Jewelry Manufacturer Limited. He 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. Mr. Sin 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. Cheng Kwok Shing, Anthony, aged 68, was appointed as an independent non-executive Director in 2013. He is the chairman of the Audit Committee and the Remuneration Committee of the Company. He is a Fellow and a Certified Public Accountant (Practicing) of The Hong Kong Institute of Certified Public Accountants and has over 40 years of experience in auditing and accounting field.

The business address of all Directors is at 9th Floor, King Fook Building, 30-32 Des Voeux Road Central, Hong Kong.

Mr. Wong Wei Ping, Martin is the brother-in-law of Mr. Yeung Ping Leung, Howard. Save as disclosed above, none of the Directors or members of the senior management mentioned below have any relationship with each other.

#### SENIOR MANAGEMENT

Ms. Wong Ka Ki, Kay, aged 57, is 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, is 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, 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 and is a member of the Hong Kong Institute of Certified Public Accountants.

#### CORPORATE INFORMATION

<b>Registered office</b>	9th Floor, King Fook Building 30-32 Des Voeux Road Central Hong Kong
<b>Company secretary</b>	Ms. Cheung Kit Man, Melina
<b>Authorised representatives</b>	Mr. Yeung Ping Leung, Howard Ms. Cheung Kit Man, Melina

<b>Auditor</b>	BDO Limited <i>Certified Public Accountants</i> 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong
<b>Share registrar and transfer agent</b>	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor, Hopewell Centre 183 Queen’s Road East Wanchai Hong Kong
<b>Principal bankers</b>	Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong  The Bank of East Asia, Limited 10 Des Voeux Road Central Hong Kong  The Hongkong and Shanghai Banking Corporation Limited HSBC Main Building 1 Queen’s Road Central Hong Kong
<b>PARTIES INVOLVED IN THE RIGHTS ISSUE</b>	
<b>Underwriter</b>	Yeung Chi Shing Estates Limited 1st Floor, King Fook Building 30–32 Des Voeux Road Central Hong Kong
<b>Financial adviser to the Company</b>	Somerley Capital Limited 20th Floor, China Building 29 Queen’s Road Central Hong Kong
<b>Legal adviser to the Company</b>	Jennifer Cheung & Co. Unit A, 19th Floor Two Chinachem Plaza 68 Connaught Road Central Hong Kong

## DISCLOSURE OF INTERESTS

## Interests of Directors

As at the Latest Practicable Date, the interests of the Directors in the share capital of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name	Number of Shares	Nature of interest	Percentage of shareholding
Mr. Tang Yat Sun, Richard	27,928,500	(Note 1)	4.28%
Mr. Cheng Ka On, Dominic	2,622,000	Beneficial owner	0.40%
Mr. Ho Hau Hay, Hamilton	4,755,000	Interest of controlled corporation (Note 2)	0.73%

## Notes:

1. 5,377,500 Shares are beneficially owned and 22,551,000 Shares are interest of controlled corporation (which Shares are held by Daily Moon Investments Limited in which Mr. Tang has a 100% interest).
2. These Shares are held by Tak Hung (Holding) Co. Ltd. in which Mr. Ho has a 40% interest.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules to be notified to the Company and the Stock Exchange.

Save as disclosed above, none of the Directors were interested in any relevant securities of the Company as at the Latest Practicable Date.

### Interests of other persons in the share capital of the Company

As at the Latest Practicable Date, so far as is known to the Directors, the following person (other than a Director or chief executive of the Company) had an interest in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Number of Shares	Nature of interest	Percentage of shareholding
Yeung Chi Shing Estates Limited	574,170,774	Note	62.84%

*Note: These consist of (i) 303,887,754 Shares beneficially owned by YCSEL; (ii) 9,240,030 Shares beneficially owned by Hilmanway Enterprises Limited, its wholly owned subsidiary; (iii) 125,251,112 Rights Shares undertaken to be taken up by YCSEL and its associates under the Underwriting Agreement; and (iv) 135,791,878 Rights Shares underwritten by YCSEL under the Underwriting Agreement.*

Mr. Yeung Ping Leung, Howard (the Chairman of the Company and an executive Director) and other members of his family control the management of YCSEL.

Save as disclosed above, taking no account of Shares which may be taken up under the Rights Issue, the Directors are not aware of any person (other than a Director or chief executive of the Company) who will immediately following the Rights Issue have an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### Interests in other members of the Group

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) were, directly or indirectly, interested in 10% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of the following subsidiaries of the Company:

- (a) Mr. David Cheng Kam Hung was interested in (i) 20% of the issued share capital of each of Evermind Limited, Perfectrade Limited, Metal Innovation Limited, PTE Engineering Limited, Perfectrade Macau Limited and Grand Year Engineering Limited; and (ii) 15% of the issued share capital of Mempro Limited (under liquidation); and
- (b) Temple Belle Limited was interested in 25% of the issued share capital of Mempro Limited (under liquidation).

As at the Latest Practicable Date, no capital of any subsidiary of the Company is under option or agreed conditionally or unconditionally to be put under option.

### Interests of expert in the Group

The expert named in the paragraph headed “Qualification of expert” in this appendix does not have any shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group.

**Interests in assets, contracts or arrangements**

- (a) The Company entered into a licence agreement dated 7 December 1998 (as supplemental on 10 September 2004) with YCSEL pursuant to which the Company was 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 agreement commenced from 7 December 1998 and does not fix the termination date.
- (b) The Company and King Fook Jewellery Group Limited (“KF Jewellery”), a wholly owned subsidiary of the Company (as tenants) and Stanwick Properties Limited (“Stanwick”), a wholly owned subsidiary of YCSEL (as landlord) entered into 7 tenancy agreements all dated 12 August 2015 in respect of Basement, Ground Floor, Mezzanine Floor, and 3rd (including a flat roof), 5th, 7th, 8th, 9th and 10th Floors of King Fook Building, 30-32 Des Voeux Road Central, Hong Kong for a term of two years from 16 August 2015 at the total monthly rent of HK\$983,785, exclusive of management fees and air-conditioning charges totalling HK\$91,350 per month, and rates.
- (c) KF Jewellery (as tenant) entered into a tenancy agreement dated 13 January 2015 with Fabrico (Mfg) Limited (a wholly owned subsidiary of YCSEL) relating to Apartment F, 3rd Floor, Comfort Building, 88 Nathan Road, Kowloon at the monthly rent of HK\$15,000 exclusive of rates on a monthly basis, terminable by either party by serving one month’s advance notice to the other party.
- (d) The Company entered into an agreement dated 12 August 2015 with Stanwick pursuant to which the Company was 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) at the monthly fee of HK\$25,480 for a term of two years from 16 August 2015.
- (e) KF Jewellery entered into a vehicle licence agreement with YCSEL pursuant to which KF Jewellery leases a vehicle from YCSEL at the annual rent of HK\$1 commencing from 1 April 2011 and renewable automatically every 12 months after its commencement until one party serving one month’s advance notice of termination on the other party.

Save as disclosed above, none of the Directors or the expert named in the paragraph headed “Qualification of expert” in this appendix has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2015, being the date to which the latest published audited accounts of the Company were made up, and none of the Directors has any interests in contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole.

**Service contracts**

There is no existing or proposed service contract between any member of the Group and any Director (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensations)).

**MATERIAL CONTRACTS**

Save for the Underwriting Agreement, no contracts (not being contracts in the ordinary course of business) had been entered into by any member of the Group within the two years preceding the date of this prospectus which were or might be material.

**LITIGATION**

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

**QUALIFICATION OF EXPERT**

The qualification of the expert who has given opinions in this prospectus is as follows:

<b>Name</b>	<b>Qualification</b>
BDO Limited	Certified Public Accountants, Hong Kong

**CONSENT**

The expert named in the paragraph headed “Qualification of expert” in this appendix has given and has not withdrawn its written consent to the issue of this prospectus with copy of its report and the references to its name included herein in the form and context in which it is included.

**LEGAL EFFECT**

The Rights Issue Documents, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong.

**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of this prospectus, together with copies of the Provisional Allotment Letter, Excess Application Form and the written consent referred to in the paragraph headed “Consent” in this appendix, has been delivered to the Registrar of Companies in Hong Kong for registration.

**COMPANY SECRETARY**

The secretary of the Company is Ms. Cheung Kit Man, Melina. She holds a bachelor degree in business administration from the Chinese University of Hong Kong and has over 30 years’ experience in company secretarial work.

**EXPENSES**

The expenses in connection with the Rights Issue, including underwriting commission, financial advisory fees, printing, registration, legal and accounting fees, are estimated to be approximately HK\$5 million and will be payable by the Company.



**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the offices of Jennifer Cheung & Co. at Unit A, 19th Floor, Two Chinachem Plaza, 68 Connaught Road Central, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. up to and including 2 September 2015:

- (a) the articles of association of the Company;
- (b) the articles of association of YCSEL;
- (c) the annual reports of the Company for the two years ended 31 March 2015;
- (d) the accountants' report on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group issued by BDO Limited, the text of which is set out in Appendix II to this prospectus;
- (e) the Underwriting Agreement; and
- (f) the written consent referred to in the paragraph headed "Consent" in this appendix.