



king fook holdings limited

景福集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 280)

GROUP RESULTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2007

The Board of Directors of King Fook Holdings Limited ("the Company") announces that the audited consolidated profit of the Company and its subsidiaries (collectively known as "the Group") attributable to the shareholders of the Company for the financial year ended 31st March, 2007 amounted to HK\$45,193,000.

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31st March,	
		2007 HK\$'000	2006 HK\$'000
Revenue	2	969,044	813,356
Cost of sales		(735,527)	(634,231)
Gross profit		233,517	179,125
Other operating income		36,019	30,184
Distribution and selling costs		(131,587)	(102,698)
Administrative expenses		(70,482)	(57,251)
Other operating expenses		(2,099)	(17,686)
Operating profit		65,368	31,674
Finance costs		(12,707)	(9,685)
Share of (loss)/profit of jointly controlled entities		(205)	14
Profit before taxation	4	52,456	22,003
Taxation	5	(7,117)	(3,928)
Profit for the year		45,339	18,075
Attributable to:			
Shareholders of the Company		45,193	17,947
Minority interests		146	128
Profit for the year		45,339	18,075
Dividends	6	7,179	5,439
Earnings per share for profit attributable to the shareholders of the Company during the year	7		
- Basic (HK cents)		10.4 cents	4.1 cents

CONSOLIDATED BALANCE SHEET

	Notes	As at 31st March,	
		2007 HK\$'000	2006 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		19,415	17,768
Leasehold interests in land		5,849	5,980
Investment properties		1,087	1,134
Interests in jointly controlled entities		4,953	4,940
Available-for-sale investments		152,565	112,203
Other assets		2,183	2,203
		<u>186,052</u>	<u>144,228</u>
Current assets			
Inventories		590,252	575,613
Debtors, deposits and prepayments	8	102,321	83,522
Investments at fair value through profit or loss		32,582	9,271
Cash and cash equivalents		56,697	50,355
		<u>781,852</u>	<u>718,761</u>
Current liabilities			
Creditors, accruals and provisions	9	106,824	78,683
Taxation payable		1,889	852
Gold loans, unsecured		23,705	25,006
Bank loans, unsecured		92,215	83,000
		<u>224,633</u>	<u>187,541</u>
Net current assets		<u>557,219</u>	<u>531,220</u>
Total assets less current liabilities		<u>743,271</u>	<u>675,448</u>
Non-current liabilities			
Bank loans, unsecured		86,000	98,000
Provision for long service payments		1,152	432
		<u>87,152</u>	<u>98,432</u>
Net assets		<u>656,119</u>	<u>577,016</u>
CAPITAL AND RESERVES			
Capital and reserves attributable to the shareholders of the Company			
Share capital		108,768	108,768
Other reserves		186,691	147,470
Retained profits			
Proposed final dividend		5,221	3,481
Others		354,701	316,687
		<u>655,381</u>	<u>576,406</u>
Minority interests		<u>738</u>	<u>610</u>
		<u>656,119</u>	<u>577,016</u>

Notes:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

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

1.2 Adoption of new or amended HKFRSs

From 1st April, 2006, the Group has adopted all the new and amended HKFRSs issued by the HKICPA which were first effective on 1st January, 2006 and relevant to the Group’s operations. The adoption of these new and amended HKFRSs did not result in significant changes in the Group’s accounting policies.

1.3 New or amended HKFRSs that have been issued but are not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group’s financial statements.

Hong Kong Accounting Standard (“HKAS”) 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK (IFRIC) – Interpretation 8	Scope of HKFRS 2 ³
HK (IFRIC) – Interpretation 9	Reassessment of Embedded Derivatives ⁴
HK (IFRIC) – Interpretation 10	Interim Financial Reporting and Impairment ⁵
HK (IFRIC) – Interpretation 11	HKFRS 2 - Group and Treasury Share Transactions ⁶
HK (IFRIC) – Interpretation 12	Service Concession Arrangements ⁷

¹ Effective for annual periods beginning on or after 1st January, 2007

² Effective for annual periods beginning on or after 1st January, 2009

³ Effective for annual periods beginning on or after 1st May, 2006

⁴ Effective for annual periods beginning on or after 1st June, 2006

⁵ Effective for annual periods beginning on or after 1st November, 2006

⁶ Effective for annual periods beginning on or after 1st March, 2007

⁷ Effective for annual periods beginning on or after 1st January, 2008

2. REVENUE

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

	2007 HK\$'000	2006 HK\$'000
Turnover		
Gold ornament, jewellery, watches, fashion and gifts retailing	839,254	697,620
Bullion trading	73,237	82,288
Commission from securities broking	8,423	6,805
Diamond wholesaling	13,047	12,199
	<u>933,961</u>	<u>798,912</u>
Other revenue		
Revenue on construction contracts	21,895	6,496
Sale of computer related products	8,283	3,972
Income from provision of travel related products and services	4,905	3,976
	<u>35,083</u>	<u>14,444</u>
Total revenue	<u><u>969,044</u></u>	<u><u>813,356</u></u>

3. SEGMENT INFORMATION

The Group is organised into three main business segments:

- (i) Retailing, bullion trading and diamond wholesaling
- (ii) Securities broking
- (iii) Construction services

There was no intersegment sale and transfer during the year (2006: Nil).

(a) Business segments

	Retailing, bullion trading and diamond wholesaling 2007 HK\$'000	Securities broking 2007 HK\$'000	Construction services 2007 HK\$'000	Unallocated* 2007 HK\$'000	Group 2007 HK\$'000
Segment revenue	<u>925,538</u>	<u>8,423</u>	<u>21,895</u>	<u>13,188</u>	<u>969,044</u>
Segment results	<u>74,150</u>	<u>(2,492)</u>	<u>(234)</u>	<u>(1,549)</u>	69,875
Unallocated operating income and expenses					<u>(4,507)</u>
Operating profit					65,368
Finance costs					(12,707)
Share of loss of a jointly controlled entity	(205)				<u>(205)</u>
Profit before taxation					52,456
Taxation					<u>(7,117)</u>
Profit for the year					<u>45,339</u>
Segment assets	679,936	58,939	14,192	209,884	962,951
Investment in a jointly controlled entity	4,953				<u>4,953</u>
Total assets					<u>967,904</u>
Segment liabilities	73,786	36,138	7,881	193,980	<u>311,785</u>
Capital expenditure					
Property, plant and equipment					
- Additions	9,572	706	31	681	10,990
- Depreciation	7,066	680	115	1,320	9,181

3. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

	Retailing, bullion trading and diamond wholesaling 2006 HK\$'000	Securities broking 2006 HK\$'000	Construction services 2006 HK\$'000	Unallocated* 2006 HK\$'000	Group 2006 HK\$'000
Segment revenue	<u>792,107</u>	<u>6,805</u>	<u>6,496</u>	<u>7,948</u>	<u>813,356</u>
Segment results	<u>62,728</u>	<u>(17,173)</u>	<u>(1,496)</u>	<u>(666)</u>	43,393
Unallocated operating income and expenses					(11,719)
Operating profit					<u>31,674</u>
Finance costs					(9,685)
Share of profit of jointly controlled entities	14				14
Profit before taxation					<u>22,003</u>
Taxation					(3,928)
Profit for the year					<u>18,075</u>
Segment assets	638,929	52,718	5,068	161,334	858,049
Investment in jointly controlled entities	4,940				4,940
Total assets					<u>862,989</u>
Segment liabilities	46,552	43,504	1,900	194,017	<u>285,973</u>
Capital expenditure					
Property, plant and equipment					
- Additions	4,699	813	466	1,308	7,286
- Depreciation	8,071	585	97	1,212	9,965

* Unallocated revenue and results represented revenue and results from sale of computer related products and provision of travel related products and services.

(b) Geographical segments

Over 90% of the Group's revenue and assets are derived from activities in Hong Kong.

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging and crediting:

	2007 HK\$'000	2006 HK\$'000
Charging:		
Amortisation of leasehold interests in land	131	134
Auditors' remuneration		
- Provision for the current year	786	843
Cost of inventories sold	732,451	632,258
Depreciation of property, plant and equipment	9,181	9,965
Depreciation of investment properties	47	35
Loss on disposal of property, plant and equipment	157	98
Operating leases charges in respect of properties	54,045	44,059
Outgoings in respect of investment properties	75	80
Provision for impairment losses of debtors	1,230	23
Provision for impairment losses of available-for-sale investments	586	-
Provision for and write down of inventories	1,869	1,086
Provision for long service payments	727	-
Provision for loss resulting from misappropriation of clients' securities, net	126	16,800
Crediting:		
Dividend income	3,440	3,083
Interest income	829	468
Fair value change of investments at fair value through profit or loss	9,971	5,345
Gain on disposal of available-for-sale investments	18,270	13,082
Foreign exchange gain	218	442
Rental income		
- owned properties	1,129	1,187
- operating subleases	1,137	939
	<u>7,117</u>	<u>3,928</u>

5. TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates.

	2007 HK\$'000	2006 HK\$'000
Current tax		
- Hong Kong		
Tax for the year	7,020	3,921
Over provision in prior years	(110)	(3)
	<u>6,910</u>	<u>3,918</u>
- Overseas taxation	207	10
Total taxation charge	<u>7,117</u>	<u>3,928</u>

6. DIVIDENDS

	2007 HK\$'000	2006 HK\$'000
Interim dividend of HK0.45 cent per ordinary share (2006: HK0.45 cent)	1,958	1,958
Proposed final dividend of HK1.2 cents per ordinary share (2006: HK0.8 cent)	5,221	3,481
	<u>7,179</u>	<u>5,439</u>

At a meeting held on 9th December, 2005, the directors declared an interim dividend of HK0.45 cent per ordinary share for the year ended 31st March, 2006. The interim dividend was paid on 13th January, 2006 and was reflected as an appropriation of retained profits for the year ended 31st March, 2006.

At a meeting held on 4th July, 2006, the directors proposed a final dividend of HK0.8 cent per ordinary share for the year ended 31st March, 2006, which was approved by the shareholders at the annual general meeting held on 31st August, 2006. This final dividend was paid on 6th September, 2006 and has been reflected as an appropriation of retained profits for the year.

At a meeting held on 8th December, 2006, the directors declared an interim dividend of HK0.45 cent per ordinary share for the year. The interim dividend was paid on 12th January, 2007 and was reflected as an appropriation of retained profits for the year.

At a meeting held on 6th July, 2007, the directors proposed a final dividend of HK1.2 cents per ordinary share for the year. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ending 31st March, 2008.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the shareholders of the Company of HK\$45,193,000 (2006: HK\$17,947,000) and on 435,071,650 (2006: 435,071,650) ordinary shares in issue during the year.

Diluted earnings per share for the year ended 31st March, 2007 was not presented as there were no dilutive potential ordinary shares during the year (2006: Nil).

8. DEBTORS, DEPOSITS AND PREPAYMENTS

	2007 HK\$'000	2006 HK\$'000
Trade debtors	54,998	43,717
Other receivables	20,316	15,258
Deposits and prepayments	15,007	12,547
Insurance claim receivable	12,000	12,000
	<u>102,321</u>	<u>83,522</u>

8. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

At 31st March, the ageing analysis of the trade debtors was as follows:

	2007 HK\$'000	2006 HK\$'000
Within 30 days	52,327	40,923
31 – 90 days	1,471	903
More than 90 days	1,200	1,891
	<u>54,998</u>	<u>43,717</u>

The trade debtors as at 31st March, 2007 mainly consist of receivables of the securities broking business amounting to HK\$36,710,000 (2006: HK\$22,695,000), the credit terms of which are in accordance with the securities broking industry practice. The remaining balance of trade debtors are primarily receivables from retailing, bullion trading and diamond wholesaling businesses which are normally due within three months.

9. CREDITORS, ACCRUALS AND PROVISIONS

	2007 HK\$'000	2006 HK\$'000
Trade payables	59,622	25,075
Other payables and accruals	35,796	21,415
Deposits received and deferred income	11,406	5,798
Other provisions	-	26,395
	<u>106,824</u>	<u>78,683</u>

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

	2007 HK\$'000	2006 HK\$'000
Within 30 days	58,438	24,787
31 – 90 days	1,020	270
More than 90 days	164	18
	<u>59,622</u>	<u>25,075</u>

10. SUBSEQUENT EVENTS

On 4th May, 2007, the Group entered into 6 tenancy agreements with Stanwick Properties Limited (a wholly owned subsidiary of Yeung Chi Shing Estates Limited, a substantial shareholder of the Company) relating to the Basement, Ground Floor, Mezzanine Floor, and 3rd, 5th, 8th, 9th and 10th Floors of King Fook Building, 30-32 Des Voeux Road Central, Hong Kong for a term of 2 years from 16th August, 2007 to 15th August, 2009 at the total monthly rent of HK\$585,385, exclusive of management fees and air-conditioning charges totalling HK\$49,140 per month, and rates.

On 15th June, 2007, the Company obtained an authorisation from the shareholders of the Company ("Shareholders' Authorisation") to dispose of up to 1,874,000 shares of Hong Kong Exchanges and Clearing Limited to independent third parties at prevailing market prices on-market through The Stock Exchange of Hong Kong Limited within one year from 16th June, 2007. Subsequent to 31st March, 2007 and up to the date of this announcement, the Group disposed of 560,000 shares of Hong Kong Exchanges and Clearing Limited at a profit of approximately HK\$59 million under the Shareholders' Authorisation.

11. COMPARATIVE FIGURES

Comparative figures on revenue, cost of sales and other operating income have been reclassified to conform with the current year's presentation.

DIVIDEND

The Board of Directors resolved to recommend the payment of a final dividend of HK1.2 cents (2006: HK0.8 cent) per ordinary share to shareholders whose names appear on the Register of Members on 7th September, 2007 subject to the approval of shareholders at the forthcoming Annual General Meeting. The dividend warrants for the proposed final dividend will be despatched to shareholders on or about 14th September, 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 3rd September, 2007 to 7th September, 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend to be approved at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 31st August, 2007.

BUSINESS REVIEW

For the year ended 31st March, 2007, the Group's consolidated profit before taxation amounted to HK\$52,456,000. During the year under review, the Group disposed of 350,000 shares of Hong Kong Exchanges and Clearing Limited at a profit of HK\$18,270,000. The Group's revenue for the year increased by 19% as compared with that of last year.

During the year under review, the Group's gold ornament, jewellery, watches, fashion and gifts retailing business benefited from the increase in mainland travellers and the improving economic environment in Hong Kong. The business achieved a satisfactory result with an increase in turnover to HK\$839 million.

The commission income from the securities broking division of the Group increased by 24% as a result of the blooming Hong Kong stock market. However, the division still faced keen competition from banks.

PROSPECTS

Looking forward, the retail sector of Hong Kong is expected to benefit from more visitors from Mainland China and the improving economic environment factors such as low unemployment rate and improving consumer sentiment in Hong Kong. In order to capitalise on these favourable factors, the Group plans to expand its retail business in Hong Kong by opening more shops in prime locations. The Group also plans to expand its retail business in the People's Republic of China ("PRC"), especially in major cities such as Shanghai and Beijing.

The management is looking for suitable investment opportunities and will continue to introduce more international branded jewellery and watches to satisfy customer need. Recently, the Group has introduced "Day Night" diamond jewellery to customers who favour stylish jewellery. In addition, the Group has obtained dealership of European branded jewellery "Stanzhorn Juwelen GmbH".

The management will follow its prudent management policy and take steps to improve the Group's businesses. In order to upgrade customer services, the management has set up a long term human resource policy to provide more training programs for the frontline staff in both Hong Kong and the PRC, especially for product knowledge and customer services.

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.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

The Company was in compliance with the code provisions set out in the Code of Corporate Governance Practices contained in Appendix 14 to the Listing Rules during the year ended 31st March, 2007 except that:

- (a) the non-executive directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association of the Company; and
- (b) the Articles of Association of the Company did not require every director to retire every three years until amendment thereof on 31st August, 2006.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters and the results for the year ended 31st March, 2007.

MODEL CODE

In respect of the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules, the Company states that during the year ended 31st March, 2007:

- (a) the Company had a code of conduct regarding directors' securities transactions on the terms of the Model Code; and
- (b) having made specific enquiry of all directors, the directors had complied with the required standard set out in the Model Code.

By Order of the Board
Yeung Ping Leung, Howard
Chairman

Hong Kong, 6th July, 2007

As at the date of this announcement, the executive directors of the Company are Mr. Yeung Ping Leung, Howard, Mr. Tang Yat Sun, Richard, Mr. Cheng Ka On, Dominic, Mr. Yeung Bing Kwong, Kenneth and Ms. Fung Chung Yee, Caroline, the non-executive directors are Mr. Wong Wei Ping, Martin, Mr. Ho Hau Hay, Hamilton and Mr. Sin Nga Yan, Benedict and the independent non-executive directors are Mr. Lau To Yee, Mr. Cheng Kar Shing, Peter and Mr. Chan Chak Cheung, William.