



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, 2008

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, 2008 amounted to HK\$146,940,000.

CONSOLIDATED INCOME STATEMENT

		Year ended 31st March,	
		2008	2007
	Notes	HK\$'000	HK\$'000
Revenue	2	1,222,261	969,044
Cost of sales		(890,375)	(735,527)
Gross profit		331,886	233,517
Other operating income		92,477	36,019
Distribution and selling costs		(160,784)	(131,587)
Administrative expenses		(80,179)	(70,482)
Other operating expenses		(9,153)	(2,099)
Operating profit		174,247	65,368
Finance costs		(8,892)	(12,707)
Share of loss of a jointly controlled entity		(364)	(205)
Profit before taxation	4	164,991	52,456
Taxation	5	(18,466)	(7,117)
Profit for the year		146,525	45,339
Attributable to:			
Shareholders of the Company		146,940	45,193
Minority interests		(415)	146
Profit for the year		146,525	45,339
Dividends	6	12,182	7,179
Earnings per share for profit attributable to the shareholders of the Company during the year	7		
– Basic (HK cents)		33.8 cents	10.4 cents

CONSOLIDATED BALANCE SHEET

	Notes	As at 31st March,	
		2008 HK\$'000	2007 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		20,129	19,415
Leasehold interests in land		5,719	5,849
Investment properties		868	1,087
Interest in a jointly controlled entity		5,099	4,953
Available-for-sale investments		182,035	152,565
Other assets		2,196	2,183
		<u>216,046</u>	<u>186,052</u>
Current assets			
Inventories		673,286	590,252
Debtors, deposits and prepayments	8	93,311	102,321
Investments at fair value through profit or loss		13,153	32,582
Tax recoverable		451	1,920
Cash and cash equivalents		86,474	56,697
		<u>866,675</u>	<u>783,772</u>
Current liabilities			
Creditors, deposits received, accruals and deferred income	9	97,861	106,824
Taxation payable		12,185	3,809
Gold loans, unsecured		33,347	23,705
Bank loans, unsecured		64,167	92,215
		<u>207,560</u>	<u>226,553</u>
Net current assets		<u>659,115</u>	<u>557,219</u>
Total assets less current liabilities		<u>875,161</u>	<u>743,271</u>
Non-current liabilities			
Bank loans, unsecured		45,833	86,000
Provision for long service payments		1,029	1,152
		<u>46,862</u>	<u>87,152</u>
Net assets		<u>828,299</u>	<u>656,119</u>
CAPITAL AND RESERVES			
Capital and reserves attributable to the shareholders of the Company			
Share capital		108,768	108,768
Other reserves		222,873	186,691
Retained profits			
Proposed final dividends		6,961	5,221
Others		489,459	354,701
		<u>828,061</u>	<u>655,381</u>
Minority interests		<u>238</u>	<u>738</u>
		<u>828,299</u>	<u>656,119</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, 2007, the Group has adopted all the new and amended HKFRSs issued by the HKICPA which were first effective on 1st April, 2007 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.

However, as a result of the adoption of HKFRS 7 Financial Instruments: Disclosures and Hong Kong Accounting Standard (“HKAS”) 1 (Amendment) Presentation of Financial Statements: Capital Disclosures, there have been some additional disclosures provided as follows:

HKAS 1 (Amendment) Presentation of Financial Statements: Capital Disclosures

In accordance with HKAS 1 (Amendment) Presentation of Financial Statements: Capital Disclosures, the Company now reports on its capital management objectives, policies and procedures in each financial report. The new disclosures become necessary due to this change in HKAS 1.

HKFRS 7 Financial Instruments: Disclosures

HKFRS 7 Financial Instruments: Disclosures is mandatory for reporting periods beginning on 1st January, 2007 or later. The new standard replaces and amends disclosure requirements previously set out in HKAS 32 Financial Instruments: Presentation and Disclosures and has been adopted by the Group in its consolidated financial statements for the year ended 31st March, 2008. All disclosures relating to financial instruments including all comparative information have been updated to reflect the new requirements. In particular, the Group’s financial statements now feature:

- a sensitivity analysis, to explain the Group’s market risk exposure with regards to its financial instruments, and
- a maturity analysis that shows the remaining contractual maturities of financial liabilities,

each as at the balance sheet date. The first-time application of HKFRS 7, however, has not resulted in any prior-period adjustments of cash flows, net income or balance sheet line items.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁴
HKAS 32 (Amendment)	Financial Instruments: Presentation ¹
HKFRS 2 (Amendment)	Amendments to HKFRS 2 Share-based Payment: Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combination ⁴
HKFRS 8	Operating Segments ¹
HK (IFRIC) – Interpretation 12	Service Concession Arrangements ²
HK (IFRIC) – Interpretation 13	Customer Loyalty Programmes ³
HK (IFRIC) – Interpretation 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

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

² Effective for annual periods beginning on or after 1st January, 2008

³ Effective for annual periods beginning on or after 1st July, 2008

⁴ Effective for annual periods beginning on or after 1st July, 2009

Among these new standards and interpretations, HKAS 1 (Revised) is expected to be relevant to the Group's financial statements. This amendment affects the presentation of owner changes in equity and introduces a statement of comprehensive income. Preparers will have the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of other comprehensive income). This amendment does not affect the financial position or results of the Group but will give rise to additional disclosures. The directors of the Company are currently assessing the detailed impact of this amendment on the Group's financial statements.

The directors of the Company are currently assessing the impact of other new standards and interpretations but are not yet in a position to state whether they would have material impact on the Group's financial statements.

2. REVENUE

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

	Year ended 31st March,	
	2008	2007
	HK\$'000	HK\$'000
Turnover		
Gold ornament, jewellery, watch, fashion and gift retailing	1,098,523	839,254
Bullion trading	45,475	73,237
Commission from securities broking	13,986	8,423
Diamond wholesaling	13,475	13,047
	<u>1,171,459</u>	<u>933,961</u>
Other revenue		
Revenue on construction contracts	39,817	21,895
Sale of computer related products	5,427	8,283
Income from provision of travel related products and services	5,558	4,905
	<u>50,802</u>	<u>35,083</u>
Total revenue	<u>1,222,261</u>	<u>969,044</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 (2007: Nil).

(a) Business segments

	Retailing, bullion trading and diamond wholesaling 2008 HK\$'000	Securities broking 2008 HK\$'000	Construction services 2008 HK\$'000	Unallocated* 2008 HK\$'000	Group 2008 HK\$'000
Segment revenue	<u>1,157,473</u>	<u>13,986</u>	<u>39,817</u>	<u>10,985</u>	<u>1,222,261</u>
Segment results	<u>134,161</u>	<u>4,551</u>	<u>920</u>	<u>(7,535)</u>	132,097
Unallocated operating income and expenses					42,150
Operating profit					<u>174,247</u>
Finance costs					(8,892)
Share of loss of a jointly controlled entity	(364)	-	-	-	(364)
Profit before taxation					<u>164,991</u>
Taxation					(18,466)
Profit for the year					<u>146,525</u>
Segment assets	798,857	37,787	16,223	224,304	1,077,171
Tax recoverable					451
Interests in a jointly controlled entity	5,099	-	-	-	5,099
Total assets					<u>1,082,721</u>
Segment liabilities	84,672	14,521	6,036	137,008	242,237
Taxation payable					12,185
Total liabilities					<u>254,422</u>
Capital expenditure					
Additions of property, plant and equipment	10,113	403	59	3,086	13,661
Depreciation	10,194	1,102	123	1,447	12,866
Provision for and write down of inventories	15,135	-	-	-	15,135
Provision for impairment losses of debtors					
– provided against allowance account	157	-	-	2,340	2,497
– written off directly to the account	1	-	13	-	14

3. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

	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					(4,507)
Operating profit					<u>65,368</u>
Finance costs					(12,707)
Share of loss of a jointly controlled entity	(205)	—	—	—	(205)
Profit before taxation					<u>52,456</u>
Taxation					(7,117)
Profit for the year					<u>45,339</u>
Segment assets	679,936	58,939	14,192	209,884	962,951
Tax recoverable					1,920
Interests in a jointly controlled entity	4,953	—	—	—	4,953
Total assets					<u>969,824</u>
Segment liabilities	73,786	36,138	7,881	192,091	309,896
Taxation payable					3,809
Total liabilities					<u>313,705</u>
Capital expenditure					
Additions of property, plant and equipment	9,572	706	31	681	10,990
Depreciation	7,066	680	115	1,320	9,181
Provision for and write down of inventories	1,869	—	—	—	1,869
Provision for impairment losses of debtors					
— written off directly to the account	833	36	—	361	1,230

* 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 and therefore no geographic segment information is presented.

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging and crediting:

	Year ended 31st March,	
	2008 HK\$'000	2007 HK\$'000
Charging:		
Amortisation of leasehold interests in land	130	131
Auditors' remuneration		
– Provision for the current year	749	786
Cost of inventories sold	876,765	732,451
Depreciation of property, plant and equipment	12,866	9,181
Depreciation of investment properties	25	47
Loss on disposal of property, plant and equipment	242	157
Loss on liquidation of a subsidiary	675	–
Operating lease charges in respect of properties	63,270	54,045
Operating lease charges in respect of furniture and fixtures	191	–
Outgoings in respect of investment properties	62	75
Provision for impairment losses of debtors		
– provided against allowance account	2,497	–
– written off directly to the account	14	1,230
Provision for impairment losses of available-for-sale investments, net	2,741	586
Provision for and write down of inventories	15,135	1,869
Provision for long service payments	–	727
Provision for loss resulting from misappropriation of clients' securities, net	–	126
Crediting:		
Dividend income	4,976	3,440
Fair value change of investments at fair value through profit or loss held for trading	20,016	9,971
Foreign exchange gain	2,301	218
Gain on disposal of available-for-sale investments (including HK\$42,644,000 (2007: HK\$16,380,000) previously recognised in investment revaluation reserve)	59,062	18,270
Interest income from financial assets at amortised cost	1,076	829
Rental income		
– owned properties	1,188	1,129
– operating subleases	1,280	1,137
Write back of provision for long service payments	115	–

5. TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 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.

	Year ended 31st March,	
	2008	2007
	HK\$'000	HK\$'000
Current tax		
– Hong Kong		
Tax for the year	17,254	7,020
Under/(Over) provision in prior years	48	(110)
	<u>17,302</u>	<u>6,910</u>
– Overseas taxation	1,164	207
Total taxation charge	<u>18,466</u>	<u>7,117</u>

6. DIVIDENDS

(a) Dividends attributable to the year

	Year ended 31st March,	
	2008	2007
	HK\$'000	HK\$'000
Interim dividend of HK0.5 cent (2007: HK0.45 cent) per ordinary share	2,175	1,958
Special interim dividend of HK0.7 cent (2007: Nil) per ordinary share	3,046	–
Proposed final dividend of HK1.3 cents (2007: HK1.2 cents) per ordinary share	5,656	5,221
Proposed special final dividend of HK0.3 cent (2007: Nil) per ordinary share	1,305	–
	<u>12,182</u>	<u>7,179</u>

At a meeting held on 8th December, 2006, the directors declared an interim dividend of HK0.45 cent per ordinary share for the year ended 31st March, 2007. The interim dividend was paid on 12th January, 2007 and was reflected as an appropriation of retained profits for the year ended 31st March, 2007.

At a meeting held on 6th July, 2007, the directors proposed a final dividend of HK1.2 cents per ordinary share for the year ended 31st March, 2007, which was approved by the shareholders at the annual general meeting held on 7th September, 2007. This final dividend was paid on 14th September, 2007 and has been reflected as an appropriation of retained profits for the year.

At a meeting held on 7th December, 2007, the directors declared an interim dividend of HK0.5 cent per ordinary share and a special interim dividend of HK0.7 cent per ordinary share, making a total of HK1.2 cents per ordinary share for the year. These interim dividends were paid on 11th January, 2008 and were reflected as an appropriation of retained profits for the year.

At a meeting held on 11th July, 2008, the directors proposed a final dividend of HK1.3 cents per ordinary share and a special final dividend of HK0.3 cent per ordinary share, making a total of HK1.6 cents per ordinary share for the year, subject to the approval of shareholders at the annual general meeting to be held on 1st September, 2008. These proposed final dividends are not reflected as a dividend payable as at 31st March, 2008, but will be reflected as an appropriation of retained profits for the year ending 31st March, 2009.

6. DIVIDENDS (Continued)

(b) Dividends attributable to the previous financial year, approved and paid during the year

	Year ended 31st March,	
	2008	2007
	HK\$'000	HK\$'000
2007 final dividend of HK1.2 cents per ordinary share (2007: 2006 final dividend of HK0.8 cent per ordinary share)	<u>5,221</u>	<u>3,481</u>

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\$146,940,000 (2007: HK\$45,193,000) and on 435,071,650 (2007: 435,071,650) ordinary shares in issue during the year.

Diluted earnings per share for the year ended 31st March, 2008 has not been presented as there were no dilutive potential ordinary shares during the year (2007: Nil).

8. DEBTORS, DEPOSITS AND PREPAYMENTS

	As at 31st March,	
	2008	2007
	HK\$'000	HK\$'000
Trade debtors	38,406	54,998
Other receivables	22,835	20,316
Deposits and prepayments	20,070	15,007
Insurance claim receivable	12,000	12,000
	<u>93,311</u>	<u>102,321</u>

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

	As at 31st March,	
	2008	2007
	HK\$'000	HK\$'000
Within 30 days	33,925	52,327
31 – 90 days	798	1,471
More than 90 days	3,683	1,200
	<u>38,406</u>	<u>54,998</u>

The trade debtors as at 31st March, 2008 consist of receivables of the securities broking business amounting to HK\$13,511,000 (2007: HK\$36,710,000), 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 and bullion trading and diamond wholesaling businesses which are normally due within three months.

9. CREDITORS, DEPOSITS RECEIVED, ACCRUALS AND DEFERRED INCOME

	As at 31st March,	
	2008	2007
	HK\$'000	HK\$'000
Trade payables (note (a))	39,171	59,622
Other payables and accruals (note (b))	41,827	35,796
Deposits received and deferred income	16,188	11,406
Other provision (note (c))	675	—
	<u>97,861</u>	<u>106,824</u>

Notes:

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

	As at 31st March,	
	2008	2007
	HK\$'000	HK\$'000
Within 30 days	33,079	58,438
31 – 90 days	4,304	1,020
More than 90 days	1,788	164
	<u>39,171</u>	<u>59,622</u>

(b) At 31st March, 2008, the balance included an amount due to a director of a subsidiary of approximately HK\$2,948,000 (2007: HK\$3,157,000). The amount due was unsecured, interest free and repayable on demand.

(c) The Group has applied for liquidation for a subsidiary and a provision on the liquidation loss of HK\$675,000 was made during the year ended 31st March, 2008.

10. COMPARATIVE FIGURES

Comparative figures on segment assets and liabilities, tax recoverable and taxation payable have been reclassified to conform with the current year's presentation.

FINAL DIVIDEND AND SPECIAL FINAL DIVIDEND

The Board of Directors resolved to recommend the payment of a final dividend of HK1.3 cents per ordinary share and a special final dividend of HK0.3 cent per ordinary share, making a total of HK1.6 cents (2007: HK1.2 cents) per ordinary share, to shareholders whose names appear on the Register of Members on 1st September, 2008 subject to the approval of shareholders at the forthcoming Annual General Meeting. The dividend warrants for the proposed final and special final dividends are expected to be despatched to shareholders on or about 10th September, 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 26th August, 2008 to 1st September, 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividends, 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 25th August, 2008.

BUSINESS REVIEW

For the year ended 31st March, 2008, the Group's consolidated profit before taxation amounted to HK\$164,991,000. During the year under review, the Group disposed of 560,000 shares of Hong Kong Exchanges and Clearing Limited at a profit of HK\$59,062,000. The Group's revenue for the year increased by 26% as compared with that of the previous year.

During the year under review, the Group's gold ornament, jewellery, watch, fashion and gift retail business benefited from the increase of Mainland travellers and the improving economic environment in Hong Kong. The retail business achieved a satisfactory result with an increased turnover of HK\$1,099 million.

The commission income from the securities broking division of the Group increased by 66% as a result of the blooming Hong Kong stock market. However, the division still faced keen competition from banks.

PROSPECTS

Looking forward, the Group plans to expand its retailing 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 (the "PRC"), especially in major cities such as Shanghai and Beijing. The management will look for suitable investment opportunities and continue to introduce more international branded jewellery and watches to satisfy customer need. Recently, the Group has introduced "Mattia Cielo" brand of stylish jewellery to customers.

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 will provide more training programs for the frontline staff in both Hong Kong and the PRC.

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 is committed to maintaining high standard corporate governance practices. It met all the code provisions in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules in the year ended 31st March, 2008 except that the non-executive directors were not appointed for a specific term but each of them is subject to retirement by rotation at annual general meetings of the Company at least once every three years in accordance with the Articles of Association of the Company.

REVIEW BY AUDIT COMMITTEE

During the year, the Audit Committee had reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including review of the results for the year ended 31st March, 2008.

By Order of the Board
Yeung Ping Leung, Howard
Chairman

Hong Kong, 11th July, 2008

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, Mr. Sin Nga Yan, Benedict and Mr. Yeung Ka Shing and the independent non-executive directors are Mr. Lau To Yee, Mr. Cheng Kar Shing, Peter and Mr. Chan Chak Cheung, William.