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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)

GROUP RESULTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2010

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, 2010 amounted to HK\$64,781,000.

CONSOLIDATED INCOME STATEMENT

		Year ended 31st March,	
		2010	2009
	Note	HK\$'000	HK\$'000
Revenue	4	1,221,596	1,087,169
Cost of sales		<u>(892,476)</u>	<u>(772,782)</u>
Gross profit		329,120	314,387
Other operating income		20,205	25,935
Distribution and selling costs		(185,280)	(170,371)
Administrative expenses		(74,686)	(76,846)
Other operating expenses		<u>(5,632)</u>	<u>(11,941)</u>
Operating profit		83,727	81,164
Finance costs		(3,909)	(8,126)
Share of losses of jointly controlled entities		<u>(577)</u>	<u>(409)</u>
Profit before taxation	5	79,241	72,629
Taxation	6	<u>(14,457)</u>	<u>(13,455)</u>
Profit for the year		<u>64,784</u>	<u>59,174</u>
Profit for the year attributable to:			
Shareholders of the Company		64,781	59,183
Minority interests		<u>3</u>	<u>(9)</u>
		<u>64,784</u>	<u>59,174</u>
Earnings per share for profit attributable to the shareholders of the Company during the year	8		
- Basic (HK cents)		<u>14.9 cents</u>	<u>13.6 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31st March,	
	2010	2009
	HK\$'000	HK\$'000
Profit for the year	64,784	59,174
Other comprehensive income/(loss)		
Change in fair value of available-for-sale investments	79,394	(83,097)
Exchange translation differences	1,322	601
Other comprehensive income/(loss) for the year	80,716	(82,496)
Total comprehensive income/(loss) for the year	145,500	(23,322)
Total comprehensive income/(loss) for the year attributable to:		
Shareholders of the Company	145,497	(23,313)
Minority interests	3	(9)
	145,500	(23,322)

CONSOLIDATED BALANCE SHEET

		As at 31st March,	
		2010	2009
	Note	HK\$'000	HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		18,170	19,990
Leasehold interests in land		4,784	4,914
Investment properties		397	418
Interests in jointly controlled entities		298	4,778
Available-for-sale investments		183,354	104,007
Other assets		2,196	2,196
		<u>209,199</u>	<u>136,303</u>
Current assets			
Inventories		782,552	839,881
Debtors, deposits and prepayments	9	108,311	116,911
Investments at fair value through profit or loss		6,628	19,385
Tax recoverable		-	26
Trust bank balances held on behalf of clients		1,557	14,011
Cash and cash equivalents		64,693	58,025
		<u>963,741</u>	<u>1,048,239</u>
Current liabilities			
Creditors, deposits received, accruals and deferred income	10	87,907	114,145
Amount due to a jointly controlled entity		24	-
Taxation payable		7,644	5,089
Gold loans, unsecured		31,757	28,251
Bank loans, unsecured		65,332	209,332
		<u>192,664</u>	<u>356,817</u>
Net current assets		<u>771,077</u>	<u>691,422</u>
Total assets less current liabilities		<u>980,276</u>	<u>827,725</u>
Non-current liabilities			
Bank loans, unsecured		42,500	29,167
Provision for long service payments		1,656	2,282
		<u>44,156</u>	<u>31,449</u>
Net assets		<u>936,120</u>	<u>796,276</u>
CAPITAL AND RESERVES			
Capital and reserves attributable to the shareholders of the Company			
Share capital		108,768	108,768
Other reserves		221,093	140,377
Retained profits			
Proposed final dividend		5,221	4,351
Others		600,806	542,551
		<u>935,888</u>	<u>796,047</u>
Minority interests		<u>232</u>	<u>229</u>
		<u>936,120</u>	<u>796,276</u>

Notes:

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) 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”).

2. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1st April, 2009:

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
HKFRS 2 (Amendments)	Share-based Payment - Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK (IFRIC) - Interpretation 13	Customer Loyalty Programmes
HK (IFRIC) - Interpretation 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK (IFRIC) - Interpretation 15	Agreements for the Construction of Real Estate
Various	Annual Improvements to HKFRSs 2008

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKAS 1 (Revised 2007): *Presentation of Financial Statements*

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. A third balance sheet as at the beginning of the earliest comparative period is required when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements. It also gives rise to additional disclosures.

The measurement and recognition of the Group’s assets, liabilities, income and expenses are unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. HKAS 1 affects the presentation of owner changes in equity and introduces a “Statement of comprehensive income”. Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting policies on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or parent company balance sheet at 1st April, 2008 and accordingly the third balance sheet as at 1st April, 2008 is not presented.

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

HKAS 27 (Amendments): *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate*

The amendments require the investor to recognise dividends from a subsidiary, jointly controlled entity or associate in profit or loss irrespective of whether the distributions are out of the investee's pre-acquisition or post-acquisition reserves. In prior years, the Company recognised dividends out of pre-acquisition reserves as a recovery of its investment in the subsidiaries, jointly controlled entity or associates (i.e. a reduction of the cost of investment). Only dividends out of post-acquisition reserves were recognised as income in profit or loss.

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company's accounting policy on impairment of non-financial assets.

The new accounting policy has been applied prospectively as required by these amendments to HKAS 27 and therefore no comparatives have been restated.

HKFRS 7 (Amendments): *Improving Disclosures about Financial Instruments*

The amendments require additional disclosures for financial instruments which are measured at fair value in the balance sheet. These fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

HKFRS 8: *Operating Segments*

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

HK (IFRIC) - Interpretation 13: *Customer Loyalty Programmes*

The adoption of HK (IFRIC) - Interpretation 13 requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. This is then recognised as revenue over the period that the award credits are redeemed. The Group maintains loyalty point programmes within its retail division which allows customers to accumulate points when they purchase products from the retail stores. These points can then be redeemed for free products, subject to certain terms and conditions. The Group has historically recorded a liability at the time of sale based on the costs expected to be incurred to provide awards in the future. With effect from 1st April, 2009, in order to comply with HK (IFRIC) - Interpretation 13, this change in accounting policy has been applied retrospectively. The prior period financial information has not been restated as the effect of the existing accounting treatment is not materially different from the accounting treatment in accordance with HK (IFRIC) - Interpretation 13.

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The Group anticipates that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have an impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact on the Group's financial statements.

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

HKFRS 3 (Revised 2008): *Business Combinations*

The revised standard is applicable in reporting periods beginning on or after 1st July, 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in reporting periods beginning on or after 1st July, 2009.

HKFRS 9: *Financial Instruments*

The standard is effective for accounting periods beginning on or after 1st January, 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The Group is currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

HKAS 27 (Revised 2008): *Consolidated and Separate Financial Statements*

The revised standard is effective for accounting periods beginning on or after 1st July, 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The Group does not expect the standard to have a material effect on the Group's financial statements.

Annual Improvements 2009

The HKICPA has issued Improvements to Hong Kong Financial Reporting Standards 2009. Most of the amendments become effective for annual periods beginning on or after 1st January, 2010. The Group expects the amendment to HKAS 17: Leases to be relevant to the Group's accounting policies. Prior to the amendment, HKAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in HKAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1st January, 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The Group is currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

3. SEGMENT INFORMATION

The top management has identified the Group's four reporting segments as follows:

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

3. SEGMENT INFORMATION (Continued)

	Year ended 31st March, 2010					
	Retailing, bullion trading and diamond wholesaling HK\$'000	Securities broking HK\$'000	Construction services HK\$'000	All others HK\$'000	Inter- segment elimination HK\$'000	Total HK\$'000
Revenue						
From external customers	1,177,368	7,629	30,658	5,941	-	1,221,596
Inter-segment sales	-	-	24	-	(24)	-
Reportable segment revenue	<u>1,177,368</u>	<u>7,629</u>	<u>30,682</u>	<u>5,941</u>	<u>(24)</u>	<u>1,221,596</u>
Interest income	321	104	-	-	-	425
Finance costs	(10,331)	-	(155)	-	-	(10,486)
Depreciation	(6,730)	(308)	(460)	(73)	-	(7,571)
Amortisation	(130)	-	-	-	-	(130)
Share of losses of jointly controlled entities	<u>(336)</u>	<u>-</u>	<u>(241)</u>	<u>-</u>	<u>-</u>	<u>(577)</u>
Reportable segment results	77,117	(4,164)	(3,057)	(126)	-	69,770
Corporate income						51,524
Corporate expenses						(57,074)
Dividend income						5,046
Fair value change of investments at fair value through profit or loss held for trading						<u>9,975</u>
Profit before taxation						<u>79,241</u>
	As at 31st March, 2010					
	Retailing, bullion trading and diamond wholesaling HK\$'000	Securities broking HK\$'000	Construction services HK\$'000	All others HK\$'000	Inter- segment elimination HK\$'000	Total HK\$'000
Reportable segment assets	899,944	36,606	26,817	8,184	-	971,551
Corporate assets						11,407
Available-for-sale investments						183,354
Investments at fair value through profit or loss						<u>6,628</u>
Total assets per consolidated balance sheet						<u>1,172,940</u>
Reportable segment liabilities	72,527	14,945	12,058	8,623	-	108,153
Corporate liabilities						121,023
Taxation payable						<u>7,644</u>
Total liabilities per consolidated balance sheet						<u>236,820</u>

4. 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,	
	2010 HK\$'000	2009 HK\$'000
Turnover		
Gold ornament, jewellery, watch, fashion and gift retailing	1,132,670	993,356
Bullion trading	28,959	32,185
Commission from securities broking	7,629	5,528
Diamond wholesaling	15,739	9,431
	<u>1,184,997</u>	<u>1,040,500</u>
	-----	-----
Other revenue		
Revenue on construction contracts	30,658	40,670
Income from provision of travel related products and services	5,941	5,999
	<u>36,599</u>	<u>46,669</u>
	-----	-----
Total revenue	<u>1,221,596</u>	<u>1,087,169</u>

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging and crediting:

	Year ended 31st March,	
	2010	2009
	HK\$'000	HK\$'000
Charging:		
Amortisation of leasehold interests in land	130	130
Auditors' remuneration		
- provision for the current year	845	799
Cost of inventories, including	893,426	773,206
- provision for and write down of inventories to net realisable value	9,643	2,845
- reversal of write down of inventories to net realisable value	(7,202)	(1,531)
Depreciation of property, plant and equipment	9,022	8,969
Depreciation of investment properties	21	28
Fair value change of investments at fair value through profit or loss held for trading	-	8,904
Foreign exchange loss, net	-	2,633
Loss on write off/disposal of property, plant and equipment	139	159
Operating lease charges in respect of properties	91,630	78,588
Operating lease charges in respect of furniture and fixtures	363	306
Outgoings in respect of investment properties	62	59
Provision for impairment losses of debtors		
- provided against allowance account	1,036	142
- write off directly to the account	15	-
Provision for impairment loss of interest in a jointly controlled entity	4,442	-
Provision for long service payments	-	1,258
	<u> </u>	<u> </u>
Crediting:		
Dividend income	5,046	8,043
Fair value change of investments at fair value through profit or loss held for trading	9,975	-
Foreign exchange gain, net	2,182	-
Gain on disposal of investment property and corresponding interests in land	-	11,903
Interest income from financial assets at amortised cost	659	1,261
Rental income		
- owned properties	941	1,154
- operating sub-leases	-	1,015
Write back of provision for long service payments	613	-
	<u> </u>	<u> </u>

6. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) 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,	
	2010 HK\$'000	2009 HK\$'000
Current tax		
- Hong Kong		
Current year	14,083	12,527
Under provision of prior years	332	966
	<u>14,415</u>	<u>13,493</u>
- Overseas		
Current year	12	30
Under/(over) provision of prior years	30	(68)
	<u>42</u>	<u>(38)</u>
Total taxation charge	<u>14,457</u>	<u>13,455</u>

7. DIVIDENDS

(a) Dividends attributable to the year

	Year ended 31st March,	
	2010 HK\$'000	2009 HK\$'000
Interim dividend of HK0.3 cent (2009: HK0.4 cent) per ordinary share	1,305	1,740
Proposed final dividend of HK1.2 cents (2009: HK1.0 cent) per ordinary share	5,221	4,351
	<u>6,526</u>	<u>6,091</u>

At a meeting held on 12th December, 2008, the directors declared an interim dividend of HK0.4 cent per ordinary share for the year ended 31st March, 2009. This interim dividend was paid on 14th January, 2009 and was reflected as an appropriation of retained profits for the year ended 31st March, 2009.

At a meeting held on 10th July, 2009, the directors proposed a final dividend of HK1.0 cent per ordinary share for the year ended 31st March, 2009, which was approved by the shareholders at the Annual General Meeting held on 25th September, 2009. This final dividend was paid on 2nd October, 2009 and has been reflected as an appropriation of retained profits for the year.

At a meeting held on 11th December, 2009, the directors declared an interim dividend of HK0.3 cent per ordinary share for the year. This interim dividend was paid on 15th January, 2010 and was reflected as an appropriation of retained profits for the year.

At a meeting held on 9th July, 2010, the directors proposed a final dividend of HK1.2 cents per ordinary share for the year, subject to the approval of the shareholders at the Annual General Meeting to be held on 28th September, 2010. This proposed final dividend is not reflected as dividend payable as at 31st March, 2010, but will be reflected as an appropriation of retained profits for the year ending 31st March, 2011.

7. DIVIDENDS (Continued)

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

	Year ended 31st March,	
	2010	2009
	HK\$'000	HK\$'000
2009 final dividend of HK1.0 cent per ordinary share (2009: 2008 final and special final dividends totalling HK1.6 cents per ordinary share)	<u>4,351</u>	<u>6,961</u>

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the shareholders of the Company of HK\$64,781,000 (2009: HK\$59,183,000) and on 435,071,650 (2009: 435,071,650) ordinary shares in issue during the year.

Diluted earnings per share for the year ended 31st March, 2010 was not presented as there were no dilutive potential ordinary shares during the year (2009: Nil).

9. DEBTORS, DEPOSITS AND PREPAYMENTS

	As at 31st March,	
	2010	2009
	HK\$'000	HK\$'000
Trade debtors	51,646	68,739
Other receivables	22,631	16,051
Deposits and prepayments	22,034	20,121
Insurance claim receivable	<u>12,000</u>	<u>12,000</u>
	<u>108,311</u>	<u>116,911</u>

The ageing analysis of the trade debtors, based on the invoice dates, was as follows:

	As at 31st March,	
	2010	2009
	HK\$'000	HK\$'000
Within 30 days	36,303	50,878
31 - 90 days	3,215	4,988
More than 90 days	<u>12,128</u>	<u>12,873</u>
	<u>51,646</u>	<u>68,739</u>

The trade debtors as at 31st March, 2010 consisted of receivables from customers of the securities broking business amounting to HK\$13,885,000 (2009: HK\$34,515,000), the credit terms of which were in accordance with the securities broking industry practice. The remaining balance of trade debtors was primarily receivables from retailing, bullion trading and diamond wholesaling businesses which was normally due within three months.

10. CREDITORS, DEPOSITS RECEIVED, ACCRUALS AND DEFERRED INCOME

		As at 31st March,	
		2010	2009
	Note	HK\$'000	HK\$'000
Trade payables	(a)	27,379	66,075
Other payables and accruals	(b)	48,984	36,522
Deposits received and deferred income		10,869	10,873
Other provision	(c)	675	675
		<u>87,907</u>	<u>114,145</u>

Notes:

(a) The ageing analysis of the trade payables, based on the invoice dates, was as follows:

	As at 31st March,	
	2010	2009
	HK\$'000	HK\$'000
Within 30 days	20,737	57,297
31 - 90 days	2,432	1,677
More than 90 days	4,210	7,101
	<u>27,379</u>	<u>66,075</u>

(b) At 31st March, 2010, the balance included amounts due to directors of subsidiaries of approximately HK\$2,399,000 (2009: HK\$2,684,000). The amounts due were unsecured, interest free and repayable on demand.

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

11. COMPARATIVE FIGURES

Certain comparative figures 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 (2009: HK1.0 cent) per ordinary share to shareholders whose names appear on the Register of Members on 28th September, 2010 subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on 28th September, 2010. The dividend warrants for the proposed final dividend will be despatched to shareholders on or about 6th October, 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 20th September, 2010 to 28th September, 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 17th September, 2010.

BUSINESS REVIEW

The business of the Group in the first half of the year under review had been adversely affected by uncertain global economic environment and fear of swine flu epidemic. The global economy showed signs of recovery from the third quarter of 2009, especially in the People's Republic of China ("the PRC"). Such recovery led to a remarkable improvement of the business of the Group in the second half of the year.

During the year, the Group had launched various new products, including a new series of exquisite Silver Diamond and Milky Diamond combined jewellery and the market's first 999.99 gold coins to commemorate our 60th anniversary and Year of the Tiger.

The Group's revenue from gold ornament, jewellery, watch, fashion and gift retail business for the year ended 31st March, 2010 increased by 14% to HK\$1,132,670,000 over last year as the Group benefited from the strong consumption sentiment of the PRC customers. Commission income from securities broking rose by 38% to HK\$7,629,000 as a result of the revival of the Hong Kong stock market. Turnover of bullion trading however recorded a decrease of 10% to HK\$28,959,000 compared with the previous year as the price of gold increased substantially during the year.

Total profits attributable to shareholders of the Company for the year ended 31st March, 2010 increased by 9% to HK\$64,781,000 and earnings per share were HK14.9 cents.

PROSPECTS

The Group considers the PRC retail market offers substantial development potential and will continue to expand its retail network in the PRC. A *Masterpiece by king fook* shop has opened recently in Crowne Plaza Suzhou, a five-star hotel in Suzhou. Another two retail shops are scheduled to open in Shanghai and Beijing shortly. The Group plans to open more retail outlets in major cities of the PRC. The Group is positive on the prospects of retail of luxury jewellery and watch items in view of PRC visitors' growing purchasing power and pursuit for quality and style.

In anticipation of the sustained growth of inbound visitors and the strong leasing demand attributed to the jewellery and watches sector, retail rentals, particularly in prime locations, have increased substantially. However whether the growth impetus can sustain is uncertain as the European sovereign debt problem and the need for some economies to implement austerity measures may pose a drag to the recovery and increase financial market volatility. The Group expects the operating environment of the year ahead will be more severe and challenging.

Given the uncertain global economy, we will remain cautious in our approach. We will formulate strategies to strengthen our brand name to enhance the Group's business and seek opportunity to diversify into other businesses. The management will continue to exercise stringent cost control to maintain the Group's operation efficiency and to design more training programs to its staff to improve services to customers.

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.

CODE ON 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, 2010 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

The Audit Committee of the Company has reviewed with the management of the Group the accounting policies and practices adopted by the Group, its internal control and financial reporting matters including review of the results for the year ended 31st March, 2010.

By order of the Board

Yeung Ping Leung, Howard
Chairman

Hong Kong, 9th July, 2010

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.