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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, 2012

The Board of Directors of King Fook Holdings Limited (the “Company”) announces that the audited consolidated profit of the Company and its subsidiaries (the “Group”) attributable to the shareholders of the Company for the financial year ended 31st March, 2012 amounted to HK\$36,254,000.

CONSOLIDATED INCOME STATEMENT

| | | Year ended 31st March, | |
|--|------|------------------------|------------------|
| | | 2012 | 2011 |
| | Note | HK\$'000 | HK\$'000 |
| Revenue | 5 | 1,353,355 | 1,263,852 |
| Cost of sales | | <u>(980,085)</u> | <u>(910,174)</u> |
| Gross profit | | 373,270 | 353,678 |
| Other operating income | | 93,374 | 17,518 |
| Distribution and selling costs | | (328,944) | (243,285) |
| Administrative expenses | | (85,592) | (78,853) |
| Other operating expenses | | <u>(11,256)</u> | <u>(2,673)</u> |
| Operating profit | | 40,852 | 46,385 |
| Finance costs | | (4,405) | (2,741) |
| Share of losses of jointly controlled entities | | <u>(23)</u> | <u>(83)</u> |
| Profit before taxation | 6 | 36,424 | 43,561 |
| Taxation | 7 | <u>(1,070)</u> | <u>(8,992)</u> |
| Profit for the year | | 35,354 | 34,569 |
| Profit/(loss) for the year attributable to: | | | |
| Shareholders of the Company | | 36,254 | 34,605 |
| Minority interests | | <u>(900)</u> | <u>(36)</u> |
| | | 35,354 | 34,569 |
| Earnings per share for profit attributable to the shareholders of the Company during the year | | | |
| - Basic (HK cents) | 9 | 8.3 cents | 8.0 cents |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Year ended 31st March, | |
|---|------------------------|---------------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Profit for the year | 35,354 | 34,569 |
| Other comprehensive income | | |
| Change in fair value of available-for-sale investments | (54,703) | 53,936 |
| Reclassification adjustment upon disposal of available-for-sale investments | (84,053) | - |
| Exchange translation differences | 1,360 | 2,324 |
| Other comprehensive income for the year | (137,396) | 56,260 |
| Total comprehensive income for the year | (102,042) | 90,829 |
| Total comprehensive income for the year attributable to: | | |
| Shareholders of the Company | (101,142) | 90,865 |
| Minority interests | (900) | (36) |
| | (102,042) | 90,829 |

CONSOLIDATED BALANCE SHEET

| | <i>Note</i> | As at 31st March, 2012 HK\$'000 | As at 31st March, 2011 HK\$'000 |
|---|-------------|--|--|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 38,908 | 40,836 |
| Investment properties | | 757 | 790 |
| Interests in jointly controlled entities | | - | 22 |
| Available-for-sale investments | | 98,534 | 237,386 |
| Other assets | | 2,196 | 2,196 |
| | | <u>140,395</u> | <u>281,230</u> |
| Current assets | | | |
| Inventories | | 971,559 | 800,689 |
| Debtors, deposits and prepayments | 10 | 144,549 | 142,370 |
| Investments at fair value through profit or loss | | 12,678 | 20,009 |
| Tax recoverable | | 2,986 | - |
| Trust bank balances held on behalf of clients | | 1,258 | 1,914 |
| Cash and cash equivalents | | 46,852 | 69,799 |
| | | <u>1,179,882</u> | <u>1,034,781</u> |
| Current liabilities | | | |
| Creditors, deposits received, accruals and deferred income | 11 | 93,688 | 116,209 |
| Amount due to a jointly controlled entity | | - | 22 |
| Tax payable | | 6 | 4,485 |
| Gold loans, unsecured | | 31,541 | 27,042 |
| Bank loans | | 215,666 | 81,166 |
| | | <u>340,901</u> | <u>228,924</u> |
| Net current assets | | <u>838,981</u> | <u>805,857</u> |
| Total assets less current liabilities | | <u>979,376</u> | <u>1,087,087</u> |
| Non-current liabilities | | | |
| Bank loans | | 65,000 | 65,000 |
| Provision for long service payments | | 327 | 1,431 |
| Deferred tax liabilities | | 243 | - |
| | | <u>65,570</u> | <u>66,431</u> |
| Net assets | | <u>913,806</u> | <u>1,020,656</u> |
| CAPITAL AND RESERVES | | | |
| Capital and reserves attributable to the shareholders of the Company | | | |
| Share capital | | 108,768 | 108,768 |
| Other reserves | | 139,957 | 277,353 |
| Retained profits | | | |
| Proposed final dividend | | 3,046 | 3,481 |
| Others | | 663,465 | 630,910 |
| | | <u>915,236</u> | <u>1,020,512</u> |
| Minority interests | | <u>(1,430)</u> | <u>144</u> |
| | | <u>913,806</u> | <u>1,020,656</u> |

Note:

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 (the “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 (the “Listing Rules”).

2. ADOPTION OF REVISED HKFRSs - EFFECTIVE 1ST APRIL, 2011

In the current year, the Group has applied for the first time the following amended 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, 2011:

| | |
|---------------------|-----------------------------|
| HKFRSs (Amendments) | Improvements to HKFRSs 2010 |
| HKAS 24 (Revised) | Related Party Disclosures |

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

3. NEW/REVISED HKFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

The following new/revised HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

| | |
|--------------------------------|--|
| Amendments to HKAS 1 (Revised) | Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income ² |
| Amendments to HKFRS 7 | Financial Instruments: Disclosures - Transfers of Financial Assets ¹ |
| Amendments to HKFRS 7 | Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities ³ |
| Amendments to HKAS 32 | Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities ⁴ |
| HKFRS 9 | Financial Instruments ⁵ |
| HKFRS 10 | Consolidated Financial Statements ³ |
| HKFRS 11 | Joint Arrangements ³ |
| HKFRS 12 | Disclosure of Interests in Other Entities ³ |
| HKFRS 13 | Fair Value Measurement ³ |
| HKAS 19 (2011) | Employee Benefit ³ |
| HKAS 27 (2011) | Separate Financial Statements ³ |
| HKAS 28 (2011) | Investments in Associates and Joint Ventures ³ |
| Annual Improvements Projects | Annual Improvements to HKFRSs 2009-2011 Cycle ³ |

¹ Effective for annual periods beginning on or after 1st July, 2011

² Effective for annual periods beginning on or after 1st July, 2012

³ Effective for annual periods beginning on or after 1st January, 2013

⁴ Effective for annual periods beginning on or after 1st January, 2014

⁵ Effective for annual periods beginning on or after 1st January, 2015

3. NEW/REVISED HKFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE (Continued)

Amendments to HKFRS 7: *Financial Instruments: Disclosures - Transfers of Financial Assets*

The amendments to HKFRS 7 improve the disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Amendments to HKAS 1 (Revised): *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

HKFRS 9: *Financial Instruments*

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for de-recognition of financial assets and financial liabilities.

HKFRS 10: *Consolidated Financial Statements*

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

3. NEW/REVISED HKFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE (Continued)

HKFRS 11: *Joint Arrangements*

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. HKFRS 11 will be applied retrospectively with specific restatement requirements for a joint venture which changes from proportionate consolidation to the equity method and a joint operation which changes from the equity method to accounting for assets and liabilities.

HKFRS 12: *Disclosure of Interests in Other Entities*

HKFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effect of those interests on the reporting entity's financial statements.

HKFRS 13: *Fair Value Measurement*

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the management so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

4. SEGMENT INFORMATION

The Group's reporting segments are as follows:

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

| Year ended | 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 |
|---|--|-----------------------------------|--------------------------------------|---------------------------|--|-------------------------|
| 31st March, 2012 | | | | | | |
| Revenue | | | | | | |
| From external customers | 1,284,824 | 3,937 | 54,922 | 9,672 | - | 1,353,355 |
| Inter-segment sales | - | - | - | 16 | (16) | - |
| Reportable segment revenue | <u>1,284,824</u> | <u>3,937</u> | <u>54,922</u> | <u>9,688</u> | <u>(16)</u> | <u>1,353,355</u> |
| Interest income | 116 | 71 | 1 | - | - | 188 |
| Finance costs | (11,720) | - | (635) | - | - | (12,355) |
| Depreciation | (13,154) | (204) | (656) | (45) | - | (14,059) |
| Provision for and write down of inventories to net realisable value | (7,402) | - | - | - | - | (7,402) |
| Write off of other receivable | - | (6,000) | - | - | - | (6,000) |
| Share of loss of a jointly controlled entity | (23) | - | - | - | - | (23) |
| Reportable segment results | <u>(6,413)</u> | <u>(13,224)</u> | <u>(30,454)</u> | <u>1,037</u> | <u>-</u> | <u>(49,054)</u> |
| Corporate income | | | | | | 64,962 |
| Corporate expenses | | | | | | (65,326) |
| Dividend income | | | | | | 6,052 |
| Gain on disposal of available- for-sale investments | | | | | | 84,053 |
| Fair value change of investments at fair value through profit or loss | | | | | | <u>(4,263)</u> |
| Profit before taxation | | | | | | <u><u>36,424</u></u> |
| At 31st March, 2012 | | | | | | |
| Reportable segment assets | 1,130,138 | 22,258 | 29,293 | 8,621 | - | 1,190,310 |
| Corporate assets | | | | | | 15,769 |
| Available-for-sale investments | | | | | | 98,534 |
| Investments at fair value through profit or loss | | | | | | 12,678 |
| Tax recoverable | | | | | | <u>2,986</u> |
| Total assets per consolidated balance sheet | | | | | | <u><u>1,320,277</u></u> |
| Reportable segment liabilities | 84,368 | 7,314 | 14,128 | 9,621 | - | 115,431 |
| Corporate liabilities | | | | | | 290,791 |
| Tax payable | | | | | | 6 |
| Deferred tax liabilities | | | | | | <u>243</u> |
| Total liabilities per consolidated balance sheet | | | | | | <u><u>406,471</u></u> |

4. SEGMENT INFORMATION (Continued)

| | 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 |
|---|--|-----------------------------------|--------------------------------------|---------------------------|--|-------------------|
| Year ended 31st March, 2011 | | | | | | |
| Revenue | | | | | | |
| From external customers | 1,229,908 | 6,108 | 19,847 | 7,989 | - | 1,263,852 |
| Inter-segment sales | - | - | - | 29 | (29) | - |
| Reportable segment revenue | <u>1,229,908</u> | <u>6,108</u> | <u>19,847</u> | <u>8,018</u> | <u>(29)</u> | <u>1,263,852</u> |
| Interest income | 260 | 81 | 1 | - | - | 342 |
| Finance costs | (8,435) | - | (184) | - | - | (8,619) |
| Depreciation | (9,140) | (268) | (505) | (60) | - | (9,973) |
| Provision for and write down of inventories to net realisable value | (6,413) | - | - | - | - | (6,413) |
| Share of loss of a jointly controlled entity | - | - | (83) | - | - | (83) |
| Reportable segment results | 46,971 | (4,188) | (8,006) | 220 | - | 34,997 |
| Corporate income | | | | | | 54,709 |
| Corporate expenses | | | | | | (57,112) |
| Dividend income | | | | | | 6,892 |
| Fair value change of investments at fair value through profit or loss | | | | | | 4,075 |
| Profit before taxation | | | | | | <u>43,561</u> |
| At 31st March, 2011 | | | | | | |
| Reportable segment assets | 947,012 | 40,591 | 20,085 | 8,768 | - | 1,016,456 |
| Corporate assets | | | | | | 42,160 |
| Available-for-sale investments | | | | | | 237,386 |
| Investments at fair value through profit or loss | | | | | | 20,009 |
| Total assets per consolidated balance sheet | | | | | | <u>1,316,011</u> |
| Reportable segment liabilities | 101,102 | 18,378 | 6,832 | 10,483 | - | 136,795 |
| Corporate liabilities | | | | | | 154,075 |
| Tax payable | | | | | | 4,485 |
| Total liabilities per consolidated balance sheet | | | | | | <u>295,355</u> |

No geographical information is presented as more than 90% of the Group's revenue and assets are derived from activities in Hong Kong.

For the years ended 31st March, 2011 and 2012, the Group did not have a concentration of reliance on any single customer under each of the segments.

5. 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, | |
|---|------------------------|------------------|
| | 2012 HK\$'000 | 2011 HK\$'000 |
| Turnover | | |
| Gold ornament, jewellery, watch, fashion and gift retailing | 1,250,405 | 1,196,948 |
| Bullion trading | 25,801 | 25,934 |
| Commission from securities broking | 3,937 | 6,108 |
| Diamond wholesaling | 8,618 | 7,026 |
| | <u>1,288,761</u> | <u>1,236,016</u> |
| | ----- | ----- |
| Other revenue | | |
| Revenue on construction contracts | 54,922 | 19,847 |
| Income from provision of travel related products and services | 9,672 | 7,989 |
| | <u>64,594</u> | <u>27,836</u> |
| | ----- | ----- |
| Total revenue | <u>1,353,355</u> | <u>1,263,852</u> |

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging and crediting:

| | Year ended 31st March, | |
|--|-------------------------------|-----------------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Charging: | | |
| Auditors' remuneration | | |
| - provision for the current year | 923 | 841 |
| Cost of inventories sold, including | 984,715 | 916,968 |
| - provision for and write down of inventories to net realisable value | 7,402 | 6,413 |
| - reversal of write down of inventories | (8,282) | (7,072) |
| Depreciation of property, plant and equipment | 15,035 | 11,201 |
| Depreciation of investment properties | 33 | 33 |
| Fair value change of investments at fair value through profit or loss | 4,263 | - |
| Foreign exchange loss, net | 438 | - |
| Loss on jointly controlled entity | 701 | - |
| Loss on write off/disposal of property, plant and equipment | 118 | 218 |
| Operating lease charges in respect of properties | 215,599 | 140,783 |
| Operating lease charges in respect of furniture and fixtures | 635 | 538 |
| Outgoings in respect of investment properties | 61 | 74 |
| Provision for impairment losses of debtors | | |
| - provided against allowance account | 741 | 1,837 |
| - reversal of provision | - | (39) |
| Provision for impairment loss of interest in a jointly controlled entity | - | 193 |
| Provision for impairment losses of other receivables | | |
| - provided against allowance account | - | 559 |
| - reversal of provision | (1,028) | - |
| Write off of other receivable | 6,000 | - |
| | <u>6,000</u> | <u>-</u> |
| Crediting: | | |
| Dividend income | 6,052 | 6,892 |
| Fair value change of investments at fair value through profit or loss | - | 4,075 |
| Foreign exchange gain, net | - | 4,208 |
| Gain on disposal of available-for-sale investments | 84,053 | - |
| Interest income from financial assets at amortised cost | 610 | 686 |
| Rental income | | |
| - owned properties | 654 | 721 |
| - operating sub-leases | 46 | 20 |
| Reversal of provision for impairment loss of available-for-sale investments | - | 96 |
| Reversal of provision for impairment loss of interest in a jointly controlled entity | 1,224 | - |
| Write back of provision for long service payments | 965 | 180 |
| | <u>965</u> | <u>180</u> |

The reversal of write down of inventories arose from inventories that were sold subsequently.

7. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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, | |
|--------------------------------|------------------------|--------------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Current tax | | |
| - Hong Kong | | |
| Current year | 2,641 | 9,346 |
| Over provision of prior years | (1,843) | (377) |
| | <u>798</u> | <u>8,969</u> |
| - Overseas | | |
| Current year | 28 | 23 |
| Under provision of prior years | 1 | - |
| | <u>29</u> | <u>23</u> |
| Deferred tax | | |
| - Hong Kong | | |
| Current year | 243 | - |
| | <u>243</u> | <u>-</u> |
| Taxation charge | <u>1,070</u> | <u>8,992</u> |

8. DIVIDENDS

(a) Dividends attributable to the year

| | Year ended 31st March, | |
|--|------------------------|--------------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Interim dividend of HK0.15 cent (2011: HK0.2 cent) per ordinary share | 653 | 870 |
| Proposed final dividend of HK0.7 cent (2011: HK0.8 cent) per ordinary share | 3,046 | 3,481 |
| | <u>3,699</u> | <u>4,351</u> |

At a meeting held on 18th November, 2010, the directors declared an interim dividend of HK0.2 cent per ordinary share for the year ended 31st March, 2011. This interim dividend was paid on 20th December, 2010 and was reflected as an appropriation of retained profits for the year ended 31st March, 2011.

At a meeting held on 24th June, 2011, the directors proposed a final dividend of HK0.8 cent per ordinary share for the year ended 31st March, 2011, which was approved by the shareholders at the annual general meeting held on 27th September, 2011. This final dividend was paid on 14th October, 2011 and has been reflected as an appropriation of retained profits for the year.

At a meeting held on 25th November, 2011, the directors declared an interim dividend of HK0.15 cent per ordinary share for the year. This interim dividend was paid on 5th January, 2012 and was reflected as an appropriation of retained profits for the year.

At a meeting held on 29th June, 2012, the directors proposed a final dividend of HK0.7 cent per ordinary share for the year, subject to the approval of the shareholders at the annual general meeting to be held on 24th August, 2012. This proposed final dividend is not reflected as dividend payable as at 31st March, 2012, but will be reflected as an appropriation of retained profits for the year ending 31st March, 2013.

8. DIVIDENDS (Continued)

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

| | Year ended 31st March, | |
|---|------------------------|--------------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| 2011 final dividend of HK0.8 cent per ordinary share (2011: 2010 final dividend of HK1.2 cents per ordinary share) | <u>3,481</u> | <u>5,221</u> |

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the shareholders of the Company of HK\$36,254,000 (2011: HK\$34,605,000) and on 435,071,650 (2011: 435,071,650) ordinary shares in issue during the year.

Diluted earnings per share for the year ended 31st March, 2012 was not presented as there were no dilutive potential ordinary shares during the year (2011: Nil).

10. DEBTORS, DEPOSITS AND PREPAYMENTS

| | As at 31st March, | |
|----------------------------|-------------------|----------------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Trade debtors | 38,586 | 48,980 |
| Other receivables | 35,746 | 28,435 |
| Deposits and prepayments | 64,217 | 52,955 |
| Insurance claim receivable | <u>6,000</u> | <u>12,000</u> |
| | <u>144,549</u> | <u>142,370</u> |

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

| | As at 31st March, | |
|-------------------|-------------------|---------------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Within 30 days | 26,014 | 38,458 |
| 31 - 90 days | 7,515 | 2,214 |
| More than 90 days | <u>5,057</u> | <u>8,308</u> |
| | <u>38,586</u> | <u>48,980</u> |

The trade debtors as at 31st March, 2012 consisted of receivables from customers of the securities broking business amounting to HK\$6,626,000 (2011: HK\$17,804,000), the credit terms of which were in accordance with the securities broking industry practice. The remaining balance of trade debtors was normally due within three months.

11. CREDITORS, DEPOSITS RECEIVED, ACCRUALS AND DEFERRED INCOME

| | | As at 31st March, | |
|---------------------------------------|------|-------------------|----------------|
| | | 2012 | 2011 |
| | Note | HK\$'000 | HK\$'000 |
| Trade payables | (a) | 34,763 | 38,620 |
| Other payables and accruals | (b) | 46,842 | 62,736 |
| Deposits received and deferred income | | 11,408 | 14,178 |
| Other provision | | 675 | 675 |
| | | <u>93,688</u> | <u>116,209</u> |

Note:

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

| | As at 31st March, | |
|-------------------|-------------------|---------------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Within 30 days | 19,858 | 35,972 |
| 31 - 90 days | 8,027 | 996 |
| More than 90 days | 6,878 | 1,652 |
| | <u>34,763</u> | <u>38,620</u> |

(b) Included in other payables, there was an amount of approximately HK\$1,258,000 (2011: HK\$1,914,000) in respect of the clients' undrawn monies which arose from securities broking transactions. The amount is repayable on demand.

12. POST BALANCE SHEET EVENT

On 3rd May, 2012, the Group entered into a provisional agreement for sale and purchase (the "Agreement") for the disposal of a real estate property at Tsuen Wan to an independent third party at the consideration of HK\$100,000,000 with a gain of about HK\$94,600,000 over the book value arising on the disposal. The Agreement is expected to be completed on or before 2nd November, 2012.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

DIVIDEND

The Board of Directors has resolved to recommend the payment of a final dividend of HK0.7 cent (2011: HK0.8 cent) per ordinary share to shareholders whose names appear on the Register of Members on 31st August, 2012 subject to the approval of shareholders at the forthcoming annual general meeting to be held on 24th August, 2012. The dividend warrants for the proposed final dividend will be despatched to shareholders on or about 14th September, 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed on Friday, 31st August, 2012 and no transfer of shares will be effected on that date. 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 Thursday, 30th August, 2012.

BUSINESS REVIEW

The Group's revenue from gold ornament, jewellery, watch, fashion and gift retailing business for the year ended 31st March, 2012 increased mildly by 4% to HK\$1,250,405,000 over the previous year mainly as a result of the slowdown in growth impetus of customers from Mainland China. Commission income from securities broking decreased by 36% to HK\$3,937,000 from previous year due to the downturn in the equity market and consolidation of various branches of the Group. Turnover of bullion trading was stable at HK\$25,801,000 as compared with the previous year.

During the year, the Group disposed of part of the shares of Hong Kong Exchanges and Clearing Limited. However, the Group's consolidated profit attributable to shareholders of the Company for the year only increased slightly by 5% to HK\$36,254,000 as compared with the previous year mainly due to the soaring rentals of our retail shops, the substantial loss arising from completion of projects in construction services operation and the impairment loss arising on settlement of an insurance claim. Earnings per share were HK8.3 cents.

The Group has expanded the Audemars Piguet specialty shop and a new *Masterpiece by king fook* shop at Central Building, Central; and our *king fook* shop at Park Lane Hotel, Causeway Bay is further extended. Our prime shop at the Miramar Shopping Centre, Tsimshatsui which had been closed since August 2010 due to the renovation of the Miramar Shopping Centre was re-opened in May 2012.

The Group launched a series of new products with exclusive designs and craftsmanship featuring different occasions, including the 18K gold silver diamond snake bangle, the polar bear ring, the exquisite Year of the Dragon 999.99 gold medallion, the red enamel 18K Gold Dragon ring which is a continuation of the "Screwing Magic" ring with unlimited variations and combinations, and the 18K gold diamond bangle series which merges two well received colour diamond collections of "Day Night" and "Milky and Silver".

The Group has partnered up with "Tincati", a renowned brand in Italy, to diversify into retail of luxury apparel and accessories for men and opened a TINCATI shop at The Hong Kong Club Building, Central in October 2011.

We are honoured to be awarded "Asia Excellence Brand Award 2011" by Yazhou ZhouKan, which is a news and current affairs magazine highly regarded within the Chinese community throughout the world. This award is definitely a recognition of the tireless efforts put in by all our staff members.

PROSPECTS

The sovereign debt crisis in Europe and its knock-on effect on the global economy cause uncertainties in the economic outlook and have adversely affected consumer sentiment. The Group expects the operating environment of the year ahead will be even more severe and worse. Profit margins will remain tight as the escalating retail rental, salary and other operating costs are expected to persist in the coming year.

Looking forward, the Group will monitor the market conditions in deciding on the structure and size of its retail network. The Group will try to expand our customer base and closely monitor our inventory at a reasonable level. The management will also continue to take stringent cost control measures to improve cost efficiency. It will also design training programs for our staff to enhance customer service.

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.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard corporate governance practices. It met all the code provisions in the Corporate Governance Code set out in Appendix 14 to the Listing Rules in the year ended 31st March, 2012 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 meeting 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, 2012.

By order of the Board
Yeung Ping Leung, Howard
Chairman

Hong Kong, 29th June, 2012

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