IMPORTANT
THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in King Fook Holdings Limited you should at once hand this circular together with the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

king fook holdings limited
景福集團有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code : 280)

PROPOSAL RELATING TO DISPOSAL WHICH MAY CONSTITUTE A VERY SUBSTANTIAL DISPOSAL

A notice convening an extraordinary general meeting of King Fook Holdings Limited to be held at 4:30 p.m. on 3rd October, 2008 at Tsui Hang Village Restaurant, 2nd Floor, New World Tower, 16-18 Queen's Road Central, Hong Kong is set out on page 82 of this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by no later than 48 hours before the time appointed for the holding of the meeting. Completion and delivery of the form of proxy shall not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

5th September, 2008

CONTENTS

Page

In this circular, the following expressions have the following meanings unless the context requires otherwise:

"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	board of Directors
"Company"	King Fook Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
"Directors"	directors of the Company
"Disposal Shares"	1,314,000 HKEC Shares owned by KF Securities
"EGM"	the extraordinary general meeting of the Company to be held at 4:30 p.m. on 3rd October, 2008, notice of which is set out on page 82 of this circular
"Group"	the Company and its subsidiaries
"HKEC"	Hong Kong Exchanges and Clearing Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
"HKEC Share(s)"	share(s) of HK$1 each in the share capital of HKEC
"Hong Kong"	the Hong Kong Special Administrative Region of PRC
"KF Jewellery"	King Fook Jewellery Group Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
"KF Securities"	King Fook Securities Company Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
"Landlord"	Stanwick Properties Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of YCS
"Latest Practicable Date"	29th August, 2008, being the latest practicable date prior to printing of this circular for ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Minimum Price"	HK$34 per Disposal Share
"PRC"	the People's Republic of China

"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	share(s) of HK$0.25 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"YCS"	Yeung Chi Shing Estates Limited, a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company
"HK$"	Hong Kong dollar(s)

king fook holdings limited
景福集團有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code : 280)

Directors:	**Registered Office:**
Yeung Ping Leung, Howard	9th Floor
Tang Yat Sun, Richard	King Fook Building
Cheng Ka On, Dominic	30-32 Des Voeux Road Central
Yeung Bing Kwong, Kenneth	Hong Kong
Fung Chung Yee, Caroline	
Wong Wei Ping, Martin *	
Ho Hau Hay, Hamilton *	
Sin Nga Yan, Benedict *	
Yeung Ka Shing *	
Lau To Yee **	
Cheng Kar Shing, Peter **	
Chan Chak Cheung, William **	

* *Non-executive Directors*
** *Independent non-executive Directors*

5th September, 2008

To the shareholders

Dear Sir or Madam,

PROPOSAL RELATING TO DISPOSAL WHICH MAY CONSTITUTE A VERY SUBSTANTIAL DISPOSAL

INTRODUCTION

It was announced on 2nd September, 2008 that the Company proposes to seek the authorisation of Shareholders for disposal of the Disposal Shares held by KF Securities to independent third parties which may constitute a very substantial disposal of the Company under the Listing Rules.

The purpose of this circular is to give you further details of the above proposal and to convene an extraordinary general meeting to consider and, if thought fit, pass the necessary resolution to approve such proposal.

THE DISPOSAL PROPOSAL

Assets to be disposed of

On 15th June, 2007, the Company obtained an authorisation from the Shareholders to dispose of up to 1,874,000 HKEC Shares held by KF Securities, a wholly owned subsidiary of the Company, to independent purchasers at prevailing market prices on-market through the Stock Exchange within one year from 16th June, 2007, which expired on 16th June, 2008. Up to the Latest Practicable Date, KF Securities had disposed of a total of 560,000 HKEC Shares during the period from 14th June, 2007 to 21st June, 2007 on-market through the Stock Exchange at the price range of HK$93.50 to HK$110.10 per share for a total consideration of HK$59,062,250 and still held the Disposal Shares. The Company proposes to seek again Shareholders' authorisation for disposal of the Disposal Shares to purchasers (who (together with their respective ultimate beneficial owners, if applicable), to the best knowledge of the Directors, will be independent third parties not connected with the Company, its subsidiaries, Directors or their respective associates as defined under the Listing Rules) at prevailing market prices (which shall not be less than HK$34 per Disposal Share) on-market through the Stock Exchange for a period of one year from the date of passing of the relevant resolution (the "Disposal Proposal").

HKEC is a company incorporated in Hong Kong. It owns and operates the only stock exchange and futures exchange in Hong Kong and their related clearing houses. For the two years ended 31st December, 2007, its net profits before taxation were about HK$2,963,467,000 and HK$7,190,809,000 respectively. For the two years ended 31st December, 2007, its net profits after taxation were about HK$2,518,569,000 and HK$6,169,278,000 respectively. KF Securities received dividends totalling HK$2,798,820 and HK$6,819,660 for these two years in respect of the Disposal Shares.

The Disposal Shares represent about 0.12% of the issued share capital of HKEC as at 30th June, 2008 (being the latest information on the issued share capital of HKEC available to the Company), which were distributed by HKEC to KF Securities (a member of the Stock Exchange) in 2000 as consideration for the cancellation of the shares in the Stock Exchange then held by KF Securities pursuant to a scheme of arrangement prior to the listing of HKEC. The book value of the Disposal Shares held by KF Securities as at 31st August, 2008 amounted to HK$134,028,000.

KF Securities will realise a gain equal to the amount of the net proceeds (after expenses) on any disposal of the Disposal Shares.

Basis for arriving at the Minimum Price

The Minimum Price was arrived at after taking into consideration of various factors including:

(a) the estimated earnings of HKEC for the year ending 31st December, 2008 projected on the basis of, amongst other things, an estimated average daily turnover value on the Stock Exchange in 2008;

(b) the average 2008 estimated price-to-earnings multiples of comparable listed stock exchanges which are selected on the basis of criteria including (i) the top 10 stock exchanges worldwide by the size of its domestic market capitalization in 2007; and (ii) the shares of which are listed; and

(c) a strategic buffer (which is arrived at on the basis of the average deviation from the lowest closing prices per HKEC Share to the volume-weighted average HKEC Share prices for each of the periods commencing from the trading date immediately after the issue of the annual results announcement to the trading date of the publication of the next annual results announcement) to allow flexibility given the authorisation is for a term of one year.

The Company has appointed Somerley Limited as its financial adviser in respect of setting of the Minimum Price. As at the Latest Practicable Date, Somerley Limited considered the basis for arriving at the Minimum Price is fair and reasonable.

Reasons for the Disposal Proposal

Based on the closing price of HK$102 per HKEC Share quoted on the Stock Exchange as at the Latest Practicable Date, the total consideration for the disposal of the Disposal Shares will be about HK$134,028,000. If the price of HKEC Shares increases, disposal of the Disposal Shares may constitute a very substantial disposal of the Company which requires the approval of Shareholders in accordance with the Listing Rules. In order to provide KF Securities with the flexibility to dispose of the Disposal Shares in the market efficiently to realise the gain on this holding, the Directors seek the prior authorisation of Shareholders for the disposal. The Directors consider the Disposal Proposal is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Directors anticipate that the Company would exercise the mandate under various circumstances, including but not limited to (i) the price is attractive for disposal to realise the gain on this holding; (ii) when any suitable investment opportunities arise and the Directors, after considering various alternative fund-raising means, consider it in the interest of the Company and the Shareholders as a whole to dispose of all or part of the Disposal Shares and to use the proceeds to meet its funding needs for capturing such suitable investment opportunities; (iii) when any adverse market and/or economic conditions and/or financial position of the Group arise and after considering various alternatives available from time to time, the Directors consider it in the interest of the Company and the Shareholders as a whole to dispose of all or part of the Disposal Shares and to use the proceeds to reduce its liabilities and/or to meet any working capital needs from time to time; and (iv) any other such circumstances that the Directors consider in the interest of the Company and the Shareholders as a whole for the Company to exercise the mandate. Since there is no possible way to ascertain the happening and the exact timing for the happenings of all of the above circumstances, it is necessary for the Company to be authorised by the Shareholders in advance so that the Company can act promptly to respond to the market in order to maximize the efficiency and effectiveness of the treasury function of the Company.

The Minimum Price is not the expected price at which the Company targets to dispose of the Disposal Shares, but the setting of the Minimum Price is to allow the Shareholders to make an informed decision to vote on the Disposal Proposal and, if the Disposal Proposal is approved by the Shareholders, to allow adequate flexibility for the Company during the one-year mandate period to act promptly, effectively and efficiently with reference to the very dynamic prevailing market conditions and economic situation and the projected financial position of the Group so as to protect the interest of the Company and its Shareholders.

The Directors presently intend to hold the Disposal Shares as long term investment. They had no current intention to dispose of part or all of the Disposal Shares as at the Latest Practicable Date.

Use of proceeds

It is intended that the proceeds under the Disposal Proposal will be used as additional working capital and to reduce the liability of the Group.

Listing Rules requirements

Further announcement(s) on the disposal of the Disposal Shares will be made if such disposal (or disposals aggregated since the date of (a) approval of the Disposal Proposal; or (b) an announcement relating to previous disposal(s), whichever is later) will constitute a discloseable transaction under the Listing Rules.

Financial effect of the Group's position after implementation of the Disposal Proposal

Any disposal of the Disposal Shares by KF Securities pursuant to the Disposal Proposal will have the effect of increasing the asset value of the Group by the amount of the net proceeds less the book value of the Disposal Shares as at the relevant date of disposal and increasing the earnings of the Group for the relevant financial year, but will not affect the liability of the Group.

Profit and loss statement on and valuation attributable to the Disposal Shares under the Disposal Proposal

In accordance with Rule 14.68(2)(b)(i) of the Listing Rules, the profit and loss statement on and valuation attributable to the Disposal Shares for the three years ended 31st March, 2008 are set out below. In the opinion of the Directors, such information has been properly compiled and derived from the underlying books and records of the Group. The Company has engaged Grant Thornton to conduct a review of such information in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. Grant Thornton have compared and found that such information has been properly compiled and derived from the underlying books and records of the Group by the Company.

(i) Profit and loss statement

	Year ended 31st March,		
	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Dividend income *(Note)*	1,261	2,076	3,916
Profit for the year	1,261	2,076	3,916

Note: The dividend income was generated from the Disposal Shares during the relevant year.

(ii) Valuation

	As at 31st March, 2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*
Available-for-sale investments under the Disposal Proposal *(Note)*	61,495	100,061	175,550

Note: The valuation of the Disposal Shares was based on the closing prices quoted on the Stock Exchange at the respective balance sheet dates.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL POSITION OF THE GROUP

Liquidity and financial resources

The Group centralizes funding for all its operations through the corporate treasury based in Hong Kong. This policy achieves better control of treasury operations and lower average cost of funds.

As at 31st March, 2008, the Group had current assets of HK$867 million. There were bank balances and cash of HK$86 million. The Group's current liabilities were HK$208 million including gold loans equivalent to HK$33 million which were made in terms of ounces of gold. Included in the total borrowings of the Group were bank loans of HK$110 million which were made in Hong Kong dollars. All borrowings of the Group as at 31st March, 2008 (which were unsecured and unguaranteed) were interest bearing and were not at fixed interest rate. Except for the non-current portion of bank loans amounting to HK$46 million which were repayable in the second to fifth year, all borrowings of the Group were repayable within one year.

Based on the total borrowings of the Group of HK$143 million and the capital and reserves attributable to the Shareholders of about HK$828 million, the overall borrowings to equity ratio reduced to 17% as at 31st March, 2008 and was at a healthy level.

The Group reviews its foreign currency exposures regularly and does not consider its foreign currency risk to be significant. However, the Group would consider hedging of its foreign currency exposures if its foreign currency risk becomes significant.

Most of the Group's assets and liabilities, revenue and payments were in Hong Kong dollars.

Contingencies

As at 31st March, 2008, the Group did not anticipate that there are any material contingent liabilities.

Charges

The Group had no charges on its assets as at 31st March, 2008.

Employees

As at 31st March, 2008, the Group had approximately 310 employees. The employees (including Directors) are remunerated according to the nature of their jobs and are entitled to an incentive bonus based on their performance.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in retailing of gold ornaments, jewellery, watches and gifts, trading of bullion, wholesaling of diamond and securities broking.

The retail business of the Group has shown satisfactory growth as a result of the booming economy of PRC and good consumer sentiment in Hong Kong. The Group intends to expand its retailing business in 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. It will follow its prudent management policy and take steps to improve the Group's businesses. In order to upgrade customer services, the management will continue to provide more training programs for the frontline staff in both Hong Kong and PRC. In respect of the Group's securities broking business, it is expected that its contribution to the Group's future profit will be maintained at a lower level due to the keen competition with brokers and banks in Hong Kong. In respect of the Group's bullion trading and diamond wholesaling businesses, which contributed less than 5% to the Group's turnover for the year ended 31st March, 2008, it is expected that their contribution to the Group's future profit will remain at a low level.

Save as the aforesaid, there is no other information required to be disclosed under Rule 14.68(3) of the Listing Rules.

EXTRAORDINARY GENERAL MEETING

You will find on page 82 of this circular a notice of the EGM to be held at 4:30 p.m. on 3rd October, 2008 at Tsui Hang Village Restaurant, 2nd Floor, New World Tower, 16-18 Queen's Road Central, Hong Kong at which a resolution will be proposed as an ordinary resolution to approve the Disposal Proposal.

There is enclosed a form of proxy for use at the EGM. You are requested to complete the form of proxy and return it to the registered office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the EGM, whether or not you intend to be present at the EGM. The completion and return of the form of proxy will not prevent you from attending and voting in person should you so wish.

According to the Articles of Association of the Company, on or before the declaration of the result of voting on a show of hands on a resolution at the EGM, a poll may be demanded by:

(a) the Chairman of the EGM; or

(b) at least three members present in person or by proxy entitled to vote at the EGM; or

(c) a member or members present in person or by proxy and representing not less than 10% of the total voting rights of all the members having the right to vote at the EGM; or

(d) a member or members present in person or by proxy and holding Shares conferring a right to vote at the EGM being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

No Shareholder is required to abstain from voting at the EGM.

RECOMMENDATION

The Directors believe that the Disposal Proposal is fair and reasonable and in the interest of the Company and the Shareholders as a whole and so recommend you to vote in favour of the resolution to be proposed at the EGM. The Directors intend to vote in favour of such resolution in respect of their shareholdings in the Company.

ADDITIONAL INFORMATION

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

Yours faithfully,
Yeung Ping Leung, Howard
Chairman

1. SUMMARY OF AUDITED FINANCIAL STATEMENTS

Set out below is a summary of the consolidated results, assets and liabilities of the Group for each of the three years ended 31st March, 2008.

The consolidated results, assets and liabilities of the Group for the years ended 31st March, 2007 and 2008 were extracted from the published audited financial statements of the Company for the year ended 31st March, 2008.

As of 1st April, 2007, the Group has adopted all the new and amended standards and interpretations of Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants which were first effective on 1st April, 2007 and relevant to the Group's operations. The adoption of these new and amended HKFRSs ("new HKFRSs") did not result in significant changes in the Group's accounting policies.

In the opinion of the Directors, the financial information for the three years ended 31st March, 2008 presented below is comparable despite the adoption of the new HKFRSs.

RESULTS

Consolidated Income Statement

	For the year ended 31st March, 2008 HK$'000	2007 HK$'000	2006 HK$'000
Revenue	**1,222,261**	969,044	813,356
Cost of sales	**(890,375)**	(735,527)	(634,231)
Gross profit	**331,886**	233,517	179,125
Other operating income	**92,477**	36,019	30,184
Distribution and selling costs	**(160,784)**	(131,587)	(102,698)
Administrative expenses	**(80,179)**	(70,482)	(57,251)
Other operating expenses	**(9,153)**	(2,099)	(17,686)
Operating profit	**174,247**	65,368	31,674
Finance costs	**(8,892)**	(12,707)	(9,685)
Share of (loss)/profit of jointly controlled entities	**(364)**	(205)	14
Profit before taxation	**164,991**	52,456	22,003
Taxation	**(18,466)**	(7,117)	(3,928)
Profit for the year	**146,525**	45,339	18,075
Attributable to:			
Shareholders of the Company	**146,940**	45,193	17,947
Minority interests	**(415)**	146	128
Profit for the year	**146,525**	45,339	18,075
Dividends	**12,182**	7,179	5,439
Earnings per share for profit attributable to the shareholders of the Company during the year			
– Basic (HK cents)	**33.8 cents**	10.4 cents	4.1 cents

ASSETS AND LIABILITIES

Consolidated Balance Sheet

	As at 31st March,		
	2008	2007	2006
	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	**20,129**	19,415	17,768
Leasehold interests in land	**5,719**	5,849	5,980
Investment properties	**868**	1,087	1,134
Interests in jointly controlled entities	**5,099**	4,953	4,940
Available-for-sale investments	**182,035**	152,565	112,203
Other assets	**2,196**	2,183	2,203
	216,046	186,052	144,228
Current assets			
Inventories	**673,286**	590,252	575,613
Debtors, deposits and prepayments	**93,311**	102,321	83,522
Investments at fair value through profit or loss	**13,153**	32,582	9,271
Tax recoverable	**451**	1,920	-
Cash and cash equivalents	**86,474**	56,697	50,355
	866,675	783,772	718,761
Current liabilities			
Creditors, deposits received accruals and deferred income	**97,861**	106,824	78,683
Taxation payable	**12,185**	3,809	852
Gold loans, unsecured	**33,347**	23,705	25,006
Bank loans, unsecured	**64,167**	92,215	83,000
	207,560	226,553	187,541
Net current assets	**659,115**	557,219	531,220
Total assets less current liabilities	**875,161**	743,271	675,448
Non-current liabilities			
Bank loans, unsecured	**45,833**	86,000	98,000
Provision for long service payments	**1,029**	1,152	432
	46,862	87,152	98,432
Net assets	**828,299**	656,119	577,016
CAPITAL AND RESERVES			
Capital and reserves attributable to the shareholders of the Company			
Share capital	**108,768**	108,768	108,768
Other reserves	**222,873**	186,691	147,470
Retained profits			
Proposed final dividends	**6,961**	5,221	3,481
Others	**489,459**	354,701	316,687
	828,061	655,381	576,406
Minority interests	**238**	738	610
	828,299	656,119	577,016

2. FINANCIAL STATEMENTS OF THE GROUP

Consolidated Income Statement
For the year ended 31st March, 2008

	Notes	**2008 HK$'000**	2007 HK$'000
Revenue	*4*	**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	*6*	**(8,892)**	(12,707)
Share of loss of a jointly controlled entity		**(364)**	(205)
Profit before taxation	*7*	**164,991**	52,456
Taxation	*8*	**(18,466)**	(7,117)
Profit for the year		**146,525**	45,339
Attributable to:			
Shareholders of the Company	9	**146,940**	45,193
Minority interests		**(415)**	146
Profit for the year		**146,525**	45,339
Dividends	*10*	**12,182**	7,179
Earnings per share for profit attributable to the shareholders of the Company during the year	*11*		
– Basic (HK cents)		**33.8 cents**	10.4 cents

Consolidated Balance Sheet
As at 31st March, 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*15*	**20,129**	19,415
Leasehold interests in land	*16*	**5,719**	5,849
Investment properties	*17*	**868**	1,087
Interest in a jointly controlled entity	*19*	**5,099**	4,953
Available-for-sale investments	*20*	**182,035**	152,565
Other assets	*21*	**2,196**	2,183
		216,046	186,052
Current assets			
Inventories	*22*	**673,286**	590,252
Debtors, deposits and prepayments	*23*	**93,311**	102,321
Investments at fair value through profit or loss	*24*	**13,153**	32,582
Tax recoverable		**451**	1,920
Cash and cash equivalents	*25*	**86,474**	56,697
		866,675	783,772
Current liabilities			
Creditors, deposits received, accruals and deferred income	*26*	**97,861**	106,824
Taxation payable		**12,185**	3,809
Gold loans, unsecured	*27*	**33,347**	23,705
Bank loans, unsecured	*28*	**64,167**	92,215
		207,560	226,553
Net current assets		**659,115**	557,219
Total assets less current liabilities		**875,161**	743,271
Non-current liabilities			
Bank loans, unsecured	*28*	**45,833**	86,000
Provision for long service payments	*29*	**1,029**	1,152
		46,862	87,152
Net assets		**828,299**	656,119
CAPITAL AND RESERVES			
Capital and reserves attributable to the shareholders of the Company			
Share capital	*30*	**108,768**	108,768
Other reserves	*31 (a)*	**222,873**	186,691
Retained profits	*31 (a)*		
Proposed final dividends		**6,961**	5,221
Others		**489,459**	354,701
		828,061	655,381
Minority interests		**238**	738
		828,299	656,119

Balance Sheet
As at 31st March, 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*15*	**5,645**	3,772
Leasehold interest in land	*16*	**676**	677
Investment property	*17*	**429**	448
Investments in subsidiaries	*18*	**123,005**	122,784
		129,755	127,681
Current assets			
Debtors, deposits and prepayments	*23*	**1,208**	1,207
Amounts due from subsidiaries	*18*	**578,269**	566,881
Tax recoverable		**308**	1,113
Cash and cash equivalents	*25*	**13,022**	5,914
		592,807	575,115
Current liabilities			
Creditors, deposits received and accruals	*26*	**16,287**	8,600
Amounts due to subsidiaries	*18*	**257,676**	185,324
Gold loans, unsecured	*27*	**33,347**	23,705
Bank loans, unsecured	*28*	**64,167**	86,000
		371,477	303,629
Net current assets		**221,330**	271,486
Total assets less current liabilities		**351,085**	399,167
Non-current liabilities			
Bank loans, unsecured	*28*	**45,833**	86,000
Provision for long service payments	*29*	**23**	146
		45,856	86,146
Net assets		**305,229**	313,021
CAPITAL AND RESERVES			
Capital and reserves attributable to the shareholders of the Company			
Share capital	*30*	**108,768**	108,768
Other reserves	*31 (b)*	**17,575**	17,575
Retained profits	*31 (b)*		
Proposed final dividends		**6,961**	5,221
Others		**171,925**	181,457
		305,229	313,021

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2008

	Capital and reserves attributable to the shareholders of the Company							Minority interests	Total
	Share capital HK$'000	Share premium HK$'000	Capital reserve on consolidation HK$'000	Exchange reserve HK$'000	Investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000	HK$'000	HK$'000
At 1st April, 2006	108,768	17,575	24,753	126	105,016	320,168	576,406	610	577,016
Change in fair value of available-for-sale investments	-	-	-	-	53,835	-	53,835	-	53,835
Realisation of fair value change of available-for-sale investments on disposal	-	-	-	-	(16,380)	-	(16,380)	-	(16,380)
Exchange translation differences	-	-	-	1,766	-	-	1,766	(18)	1,748
Net income/(expense) recognised directly in equity	-	-	-	1,766	37,455	-	39,221	(18)	39,203
Profit for the year	-	-	-	-	-	45,193	45,193	146	45,339
Total recognised income and expense for the year	-	-	-	1,766	37,455	45,193	84,414	128	84,542
Dividends	-	-	-	-	-	(5,439)	(5,439)	-	(5,439)
At 31st March, 2007	108,768	17,575	24,753	1,892	142,471	359,922	655,381	738	656,119
Representing:									
Proposed final dividend						5,221			
Others						354,701			
Retained profits as at 31st March, 2007						359,922			
At 1st April, 2007	108,768	17,575	24,753	1,892	142,471	359,922	655,381	738	656,119
Change in fair value of available-for-sale investments	-	-	-	-	74,425	-	74,425	-	74,425
Realisation of fair value change of available-for-sale investments on disposal	-	-	-	-	(42,644)	-	(42,644)	-	(42,644)
Exchange translation differences	-	-	-	4,401	-	-	4,401	30	4,431
Net income recognised directly in equity	-	-	-	4,401	31,781	-	36,182	30	36,212
Profit/(loss) for the year	-	-	-	-	-	146,940	146,940	(415)	146,525
Total recognised income and expense for the year	-	-	-	4,401	31,781	146,940	183,122	(385)	182,737
Acquisition of additional interest in a subsidiary from minority shareholders	-	-	-	-	-	-	-	(115)	(115)
Dividends	-	-	-	-	-	(10,442)	(10,442)	-	(10,442)
At 31st March, 2008	**108,768**	**17,575**	**24,753**	**6,293**	**174,252**	**496,420**	**828,061**	**238**	**828,299**
Representing:									
Proposed final dividends						6,961			
Others						489,459			
Retained profits as at 31st March, 2008						**496,420**			

Consolidated Cash Flow Statement
For the year ended 31st March, 2008

	Note	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	32	**122,817**	46,694
Increase in inventories		**(88,527)**	(13,513)
Decrease/(Increase) in debtors, deposits and prepayments		**6,499**	(20,155)
(Decrease)/Increase in creditors, deposits received, accruals and deferred income		**(10,419)**	27,428
Dividends received from investments at fair value through profit or loss		**394**	479
Proceeds from sale of investments at fair value through profit or loss		**102,082**	21,257
Purchases of investments at fair value through profit or loss		**(61,570)**	(34,597)
Interest received		**1,076**	829
Hong Kong profits tax paid		**(8,772)**	(5,873)
Hong Kong profits tax refund		**1,315**	-
Overseas tax paid		**(1,164)**	(207)
Long service payments paid		**(8)**	(7)
Net cash generated from operating activities		**63,723**	22,335
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in other assets		**-**	20
Proceeds from sale of available-for-sale investments		**59,062**	18,270
Dividends received from available-for-sale investments		**4,582**	2,961
Acquisition of additional interest in a subsidiary from minority shareholders		**(115)**	-
Proceeds from sale of property, plant and equipment		**33**	-
Purchase of property, plant and equipment		**(13,661)**	(10,990)
Purchase of available-for-sale investments		**(430)**	(3,493)
Net cash generated from investing activities		**49,471**	6,768
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(8,111)**	(11,994)
New bank and gold loans		**533,543**	320,975
Repayment of bank and gold loans		**(601,758)**	(328,056)
Dividends paid		**(10,442)**	(5,439)
Net cash used in financing activities		**(86,768)**	(24,514)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**26,426**	4,589
Cash and cash equivalents at the beginning of the year		**56,697**	50,355
Effect of foreign exchange rates changes, net		**3,351**	1,753
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**86,474**	56,697

Notes to the Financial Statements
For the year ended 31st March, 2008

1. GENERAL INFORMATION

King Fook Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office is located at 9th Floor, King Fook Building, 30–32 Des Voeux Road Central, Hong Kong and its principal place of business is in Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. Details of principal activities of its subsidiaries are set out in note 18 to the financial statements.

The financial statements for the year ended 31st March, 2008 were approved for issue by the board of directors on 11th July, 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 11 to 67 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 ("Listing Rules").

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments classified as available-for-sale and at fair value through profit or loss. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on the management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

2.2 Adoption of new or amended HKFRSs

From 1st April, 2007, the Company and its subsidiaries (collectively referred to as 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 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 can be found in note 39.

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.

2.3 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.

2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st March each year. Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Minority interest represents the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities.

Minority interests are presented in the consolidated balance sheet within capital and reserves, separately from the capital and reserves attributable to the shareholders of the Company. Profit or loss attributable to the minority interests are presented separately in the consolidated income statement as an allocation of the Group's results. Where losses applicable to the minority exceed the minority interests in the subsidiary's equity, the excess and further losses applicable to the minority are allocated against the minority interest to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. Otherwise, the losses are charged against the Group's interests. If the subsidiary subsequently reports profits, such profits are allocated to the minority interest only after the minority's share of losses previously absorbed by the Group has been recovered.

2.5 Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Business combinations (other than for combining entities under common control) are accounted for by applying the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

In the Company's balance sheet, subsidiaries are carried at cost less any provision for impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

2.6 Jointly controlled entity

A jointly controlled entity is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the venturers.

In the consolidated financial statements, investment in a jointly controlled entity is initially recognised at cost and subsequently accounted for using the equity method. Under the equity method, the Group's interest in the jointly controlled entity is carried at cost and adjusted for the post-acquisition changes in the Group's share of the jointly controlled entity's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the jointly controlled entity for the year, including any impairment loss on goodwill relating to the investment in jointly controlled entity recognised for the year.

When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the jointly controlled entity. For this purpose, the Group's interest in the jointly controlled entity is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the jointly controlled entity.

In the Company's balance sheet, investment in a jointly controlled entity is stated at cost less any provision for impairment losses. The results of the jointly controlled entity are accounted for by the Company on the basis of dividends received and receivable.

2.7 Foreign currency translation

The financial statements are presented in Hong Kong dollars (HK$), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the balance sheet date retranslation of monetary assets and liabilities are recognised in the income statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's functional currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the balance sheet date. Income and expenses have been converted into Hong Kong dollars at the exchange rates ruling at the transaction dates, or at average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with separately in the exchange reserve in capital and reserves.

Other exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

2.8 Revenue recognition

Revenue comprises the fair value for the sale of goods, rendering of services and the use by others of the Group's assets which yield interests and dividends, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

(i) Sale of goods

Income from gold ornament, jewellery, watch, fashion and gift retailing, diamond wholesaling, bullion trading and sale of computer related products is recognised upon delivery of goods to customers, which is also the time when the significant risks and rewards of ownership is transferred to the customer.

(ii) Commission income

Commission income from securities broking and money exchange is recognised when services are rendered.

(iii) Revenue on construction contracts

When the outcome of the contract can be estimated reliably, revenue on fixed price construction contracts is determined using the percentage of completion method. The percentage of completion is calculated by comparing costs incurred to date with the total estimated costs of the contract. If the contract is considered profitable, it is stated at cost plus attributable profits by reference to the percentage of completion. Any expected loss on individual construction contracts is recognised immediately as an expense in the income statement.

(iv) Income from provision of travel related products and services

Income from provision of travel related products and services is recognised when the services are rendered. Deposits received from customers prior to the delivery of services are included in current liabilities as "deferred income" and not recognise as revenue.

(v) Dividend income

Dividend income from investments is recognised when the right to receive payment is established.

(vi) Rental income

Rental income is recognised on a straight-line basis over the period of each lease.

(vii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

2.9 Borrowing costs

All borrowing costs are expensed as incurred.

2.10 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost over their estimated useful lives at the following rates per annum:

Buildings on leasehold land	2%–2.5% or over the remaining period of the lease, whichever is shorter
Leasehold improvement	15% or over the remaining period of the lease, whichever is shorter
Plant and machinery, furniture and equipment	15%
Motor vehicles	15%

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

2.11 Investment properties

Investment properties are buildings held to earn rental income and/or for capital appreciation.

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is provided so as to write off the cost of the investment property using the straight-line method over the expected useful lives to the Group, which range from forty to fifty years or over the remaining period of the lease, whichever is shorter.

2.12 Leasehold interests in land

Leasehold interests in land are up-front payments to acquire long term interests for the usage of land. They are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on the straight-line basis to write off the up-front payments over the lease terms.

2.13 Impairment of assets

Property, plant and equipment, leasehold interests in land, investment properties, investments in subsidiaries and a jointly controlled entity stated at cost are subject to impairment testing. These assets are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

Impairment losses recognised for cash-generating units are charged pro rata to the assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.14 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the income statement on a straight-line basis over the lease terms.

Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

2.15 Financial assets

The Group classified its financial assets into debtors, investments at fair value through profit or loss, available-for-sale investments and cash and cash equivalents. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Investments at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned. These are recognised in accordance with the polices set out in notes 2.8 (v) and 2.8 (vii).

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as an investment at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or

- the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or

- the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in the income statement.

Available-for-sale investments include non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the categories of financial assets. All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value is recognised directly in equity, except for impairment losses (see the policy below), until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity would be recognised in profit or loss. Dividend income from those investments is recognised in profit or loss in accordance with the policy set out in note 2.8 (v). Interest calculated using the effective interest method is recognised in profit or loss. Upon disposal, the cumulative gain or loss previously recognised in equity is transferred to the income statement.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs.

Impairment of financial assets

At each balance sheet date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the counterparty; or

- default or delinquency in interest or principal payments; or

- it becoming probable that the debtor will enter into bankruptcy or financial reorganisation; or

- a significant or prolonged decline in the fair value of an investment in an equity instrument below its costs.

If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) ***Financial assets carried at amortised cost***

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(ii) ***Available-for-sale investments***

When a decline in the fair value of an available-for-sale investments has been recognised directly in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Reversals in respect of investment in equity instruments classified as available-for-sale are not recognised in the income statement. The subsequent increase in fair value is recognised directly in equity. Impairment losses in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversal of impairment losses in such circumstances are recognised in profit or loss.

(iii) ***Financial assets carried at cost***

The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.16 Inventories

Inventories, other than gold stocks, are stated at the lower of cost and estimated net realisable value. Cost is determined on an actual cost basis. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

Gold stocks are stated at fair value less cost to sell. Changes in fair value are recognised in the income statement in the period of the change.

2.17 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting periods, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the tax periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement. Current tax and deferred tax is charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and a jointly controlled entity, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised in the income statement, or in equity if they relate to items that are charged or credited directly to equity.

2.18 Cash and cash equivalents

Cash and cash equivalents include cash at banks, other financial institution and in hand, short-term bank deposits.

2.19 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from the equity (net of any related income tax benefits) to the extent they are incremental costs directly attributable to the equity transaction.

2.20 Employee benefits

(i) ***Employee leave entitlements***

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) ***Pension obligations***

The Group operates a number of defined contribution retirement schemes in Hong Kong, the assets of which are held in separate trustee-administered funds. Contributions are made based on certain percentages of employee's basic salaries and are charged to the income statement as they become payable in accordance with the schemes. The retirement schemes are funded by payments from employees and the Group. The assets of the schemes are held separately from those of the Group in certain independently administered funds.

The employees of the Group's subsidiaries which operate in the People's Republic of China, except Hong Kong ("PRC") are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Contributions to the schemes are expensed as incurred and may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions.

2.21 Financial liabilities

The Group's financial liabilities include bank loans, gold loans, creditors and accruals. They are included in balance sheet line items as "bank loans", "gold loans" and "creditors, deposit received, accruals and deferred income" under current liabilities and "bank loans" under non-current liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

Bank loans are recognised initially at fair value, net of transaction costs incurred. Bank loans are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the bank loans using the effective interest method.

On initial recognition, gold loans are designated as financial liabilities at fair value through profit or loss. Subsequent to initial recognition, gold loans are measured at fair value with changes in fair value recognised in the income statement. Financial liabilities originally designated as financial liabilities at fair value through profit or loss may not subsequently be reclassified.

Borrowings, which include bank loans and gold loans, are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Creditors and accruals are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

2.22 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

2.23 Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments are presented as the primary reporting format and geographical segments as the secondary reporting format.

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

Segment assets consist primarily of property, plant and equipment, inventories, receivables, operating cash and mainly exclude investments in securities. Segment liabilities comprise operating liabilities and exclude items such as taxation and corporate borrowings. Capital expenditure comprises additions to property, plant and equipment, including additions resulting from acquisitions through purchases of subsidiaries.

2.24 Related parties

Parties are considered to be related to the Group if:

(i) directly, or indirectly through one or more intermediaries, the Group:

- controls, is controlled by, or is under common control with, the entity;
- has an interest in the entity that gives it significant influence over the entity;
- has joint control over the entity;

(ii) the party is a jointly-controlled entity;

(iii) the party is a member of the key management personnel of the Group or its parent;

(iv) the party is a close member of the family of any individual referred to in (i) or (iii);

(v) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iii) or (iv); or

(vi) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) **Depreciation**

The Group depreciates property, plant and equipment on a straight-line basis over the estimated useful lives of 7 to 50 years, starting from the date on which the assets are placed into productive use. The estimated useful lives reflect the directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

(ii) **Impairment of available-for-sale investments**

For available-for-sale investments, a significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. Judgement is required when determining whether a decline in fair value has been significant and/or prolonged. In making this judgement, the historical data on market volatility as well as the price of the specific investment are taken into account. The Group also takes into account other factors, such as industry and sector performance and financial information regarding the issuer/investee.

(iii) **Impairment of receivables**

The Group's management determines impairment of receivables on a regular basis. This estimate is based on the credit history of its customers and current market conditions. Management reassesses the impairment of receivables at the balance sheet date.

(iv) **Net realisable value of inventories**

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market conditions and the historical experience of selling products of a similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management reassesses these estimations at the balance sheet date to ensure inventory is shown at the lower of cost and net realisable value.

(v) **Percentage of completion and estimation of foreseeable losses in respect of construction contracts**

Revenue from construction contracts is recognised according to the percentage of completion of individual contracts. When foreseeable loss in respect of a particular contract is identified, such loss is recognised as an expense in the income statement immediately. The percentage of completion and foreseeable loss of individual contracts are determined based on the actual costs incurred and the total estimated contract cost prepared by the management of the Group. In order to ensure the total estimated contract cost is accurate and up-to-date, management reviews the costs incurred to date and costs to completion frequently, in particular any cost overruns and variation orders from customers, and revises the total estimated contract cost where necessary.

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:

	2008 HK$'000	2007 HK$'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
	1,171,459	933,961
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
	50,802	35,083
Total revenue	**1,222,261**	969,044

5. 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 HK$'000	Securities broking HK$'000	Construction services HK$'000	Unallocated* HK$'000	Group HK$'000
Year ended 31st March, 2008					
Segment revenue	**1,157,473**	**13,986**	**39,817**	**10,985**	**1,222,261**
Segment results	**134,161**	**4,551**	**920**	**(7,535)**	**132,097**
Unallocated operating income and expenses					**42,150**
Operating profit					**174,247**
Finance costs					**(8,892)**
Share of loss of a jointly controlled entity	**(364)**	**-**	**-**	**-**	**(364)**
Profit before taxation					**164,991**
Taxation					**(18,466)**
Profit for the year					**146,525**
At 31st March, 2008					
Segment assets	**798,857**	**37,787**	**16,223**	**224,304**	**1,077,171**
Tax recoverable					**451**
Interest in a jointly controlled entity	**5,099**	**-**	**-**	**-**	**5,099**
Total assets					**1,082,721**
Segment liabilities	**84,672**	**14,521**	**6,036**	**137,008**	**242,237**
Taxation payable					**12,185**
Total liabilities					**254,422**
Year ended 31st March, 2008					
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**

	Retailing, bullion trading and diamond wholesaling HK$'000	Securities broking HK$'000	Construction services HK$'000	Unallocated* HK$'000	Group HK$'000
Year ended 31st March, 2007					
Segment revenue	925,538	8,423	21,895	13,188	969,044
Segment results	74,150	(2,492)	(234)	(1,549)	69,875
Unallocated operating income and expenses					(4,507)
Operating profit					65,368
Finance costs					(12,707)
Share of loss of a jointly controlled entity	(205)	-	-	-	(205)
Profit before taxation					52,456
Taxation					(7,117)
Profit for the year					45,339
At 31st March, 2007					
Segment assets	679,936	58,939	14,192	209,884	962,951
Tax recoverable					1,920
Interest in a jointly controlled entity	4,953	-	-	-	4,953
Total assets					969,824
Segment liabilities	73,786	36,138	7,881	192,091	309,896
Taxation payable					3,809
Total liabilities					313,705
Year ended 31st March, 2007					
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.

6. FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Interest charges on:		
Financial liabilities at amortised cost, bank loans and overdrafts wholly repayable within five years	**8,478**	12,364
Financial liabilities at fair value through profit or loss, gold loans wholly repayable within five years	**414**	343
	8,892	12,707

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging and crediting:

	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 (note 20)	**2,741**	586
Provision for and write down of inventories	**15,135**	1,869
Provision for long service payments (note 29)	**-**	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

	2008 HK$'000	2007 HK$'000
Rental income		
- owned properties	**1,188**	1,129
- operating subleases	**1,280**	1,137
Write back of provision for long service payments (note 29)	**115**	-

8. 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.

	2008 HK$'000	2007 HK$'000
Current tax		
- Hong Kong		
Tax for the year	**17,254**	7,020
Under/(Over) provision in prior years	**48**	(110)
	17,302	6,910
- Overseas taxation	**1,164**	207
Total taxation charge	**18,466**	7,117

Reconciliation between tax expense and accounting profit at applicable tax rates is as follows:

	2008 HK$'000	2007 HK$'000
Profit before taxation	**164,991**	52,456
Tax on profit before taxation, calculated at the rates applicable to profits in the relevant tax jurisdictions	**28,786**	8,958
Tax effect of non-taxable income	**(10,766)**	(4,065)
Tax effect of non-deductible expenses	**1,233**	1,203
Temporary differences not recognised	**390**	393
Tax losses not recognised	**2,487**	2,258
Utilisation of previously unrecognised tax losses	**(3,094)**	(1,166)
Others	**(570)**	(464)
Taxation charge	**18,466**	7,117

9. PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY

Out of the consolidated profit attributable to the shareholders of the Company of HK$146,940,000 (2007: HK$45,193,000), a profit of HK$2,650,000 (2007: HK$3,207,000) has been dealt with in the financial statements of the Company.

10. DIVIDENDS

(a) Dividends attributable to the year

	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**	-
	12,182	7,179

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 dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ending 31st March, 2009.

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

	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)	**5,221**	3,481

11. 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).

12. EMPLOYEE BENEFIT EXPENSE

	2008	2007
	HK$'000	HK$'000
Wages, salaries and allowances	**76,696**	66,810
Pension costs – defined contribution retirement schemes*	**3,428**	3,729
	80,124	70,539

Employee benefit expense as shown above include directors' emoluments (note 13).

* As permitted under the rules of the provident fund schemes, all forfeited contributions for the two years ended 31st March, 2007 and 2008 have been credited to the employers' balance in respect of the remaining members' accounts.

13. DIRECTORS' EMOLUMENTS

	Fees	**Salaries and allowances**	**Bonuses**	**Pension costs – defined contribution retirement schemes**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
2008					
Executive directors					
Mr. Yeung Ping Leung, Howard	**24**	**-**	**-**	**1**	**25**
Mr. Tang Yat Sun, Richard	**24**	**-**	**-**	**1**	**25**
Mr. Cheng Ka On, Dominic	**24**	**-**	**-**	**1**	**25**
Mr. Yeung Bing Kwong, Kenneth	**26**	**216**	**-**	**11**	**253**
Ms. Fung Chung Yee, Caroline	**22**	**1,020**	**1,569**	**76**	**2,687**
Non-executive directors					
Mr. Wong Wei Ping, Martin	**17**	**-**	**-**	**-**	**17**
Mr. Ho Hau Hay, Hamilton	**17**	**-**	**-**	**-**	**17**
Mr. Sin Nga Yan, Benedict	**17**	**-**	**-**	**-**	**17**
Independent non-executive directors					
Mr. Lau To Yee	**55**	**-**	**-**	**-**	**55**
Mr. Cheng Kar Shing, Peter	**57**	**-**	**-**	**-**	**57**
Mr. Chan Chak Cheung, William	**275**	**-**	**-**	**-**	**275**
	558	**1,236**	**1,569**	**90**	**3,453**

	Fees HK$'000	Salaries and allowances HK$'000	Bonuses HK$'000	Pension costs – defined contribution retirement schemes HK$'000	Total HK$'000
2007					
Executive directors					
Mr. Yeung Ping Leung, Howard	23	-	-	1	24
Mr. Tang Yat Sun, Richard	22	-	-	1	23
Mr. Cheng Ka On, Dominic	22	-	-	1	23
Mr. Yeung Bing Kwong, Kenneth	24	216	-	10	250
Ms. Fung Chung Yee, Caroline	20	960	275	72	1,327
Non-executive directors					
Mr. Wong Wei Ping, Martin	15	-	-	-	15
Mr. Ho Hau Hay, Hamilton	15	-	-	-	15
Mr. Sin Nga Yan, Benedict	15	-	-	-	15
Dr. Sin Wai Kin	-	-	-	-	-
Independent non-executive directors					
Mr. Lau To Yee	50	-	-	-	50
Mr. Cheng Kar Shing, Peter	52	-	-	-	52
Mr. Chan Chak Cheung, William	50	200	-	-	250
Mr. Cheng Kwai Yin	-	-	-	-	-
	308	1,376	275	85	2,044

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office (2007: Nil).

None of the directors has waived or agreed to waive any emoluments in respect of the year (2007: Nil).

14. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year included one (2007: one) director whose emoluments are reflected in the analysis presented in note 13. The emoluments payable to the remaining four (2007: four) highest paid, non-director individuals during the year are as follows:

	2008 HK$'000	2007 HK$'000
Salaries, allowances and benefits in kind	**3,421**	2,729
Bonuses	**3,792**	2,315
Pension costs – defined contribution retirement schemes	**129**	177
	7,342	5,221

The emoluments fell within the following bands:

	Number of individuals	
	2008	2007
Emolument bands		
Nil – HK$1,000,000	**1**	2
HK$1,000,001 – HK$1,500,000	**1**	1
HK$1,500,001 – HK$2,000,000	**1**	-
HK$2,000,001 – HK$2,500,000	**-**	1
HK$3,000,001 – HK$3,500,000	**1**	-

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2007: Nil).

15. PROPERTY, PLANT AND EQUIPMENT

(a) Group

	Buildings	Leasehold improvement	Plant and machinery, furniture and equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st April, 2006					
Cost	4,481	24,469	27,956	1,360	58,266
Accumulated depreciation	(2,841)	(15,796)	(21,124)	(737)	(40,498)
Net book amount	1,640	8,673	6,832	623	17,768
Net book amount					
At 1st April, 2006	1,640	8,673	6,832	623	17,768
Exchange difference	-	(1)	(1)	(3)	(5)
Additions	-	9,480	1,510	-	10,990
Disposals	-	(140)	(17)	-	(157)
Depreciation	(82)	(6,586)	(2,310)	(203)	(9,181)
At 31st March, 2007	1,558	11,426	6,014	417	19,415
At 31st March, 2007					
Cost	4,481	33,609	28,258	1,360	67,708
Accumulated depreciation	(2,923)	(22,183)	(22,244)	(943)	(48,293)
Net book amount	1,558	11,426	6,014	417	19,415
Net book amount					
At 1st April, 2007	1,558	11,426	6,014	417	19,415
Additions	-	9,580	4,081	-	13,661
Transfer from investment properties	620	-	-	-	620
Transfer to investment properties	(426)	-	-	-	(426)
Disposals	-	(219)	(56)	-	(275)
Depreciation	(106)	(9,665)	(2,897)	(198)	(12,866)
At 31st March, 2008	**1,646**	**11,122**	**7,142**	**219**	**20,129**
At 31st March, 2008					
Cost	3,103	41,395	31,196	1,360	77,054
Accumulated depreciation	(1,457)	(30,273)	(24,054)	(1,141)	(56,925)
Net book amount	**1,646**	**11,122**	**7,142**	**219**	**20,129**

The Group's buildings are situated in Hong Kong and are held under medium term leases.

Depreciation expense of HK$11,067,000 (2007: HK$7,548,000) was included in distribution and selling costs and HK$1,799,000 (2007: HK$1,633,000) was included in administrative expenses.

(b) Company

	Leasehold improvement HK$'000	Plant and machinery, furniture and equipment HK$'000	Total HK$'000
At 1st April, 2006			
Cost	1,475	15,443	16,918
Accumulated depreciation	(612)	(12,043)	(12,655)
Net book amount	863	3,400	4,263
Net book amount			
At 1st April, 2006	863	3,400	4,263
Additions	21	573	594
Depreciation	(223)	(862)	(1,085)
At 31st March, 2007	661	3,111	3,772
At 31st March, 2007			
Cost	1,496	16,016	17,512
Accumulated depreciation	(835)	(12,905)	(13,740)
Net book amount	661	3,111	3,772
Net book amount			
At 1st April, 2007	661	3,111	3,772
Additions	79	2,948	3,027
Depreciation	(229)	(925)	(1,154)
At 31st March, 2008	**511**	**5,134**	**5,645**
At 31st March, 2008			
Cost	1,575	18,964	20,539
Accumulated depreciation	(1,064)	(13,830)	(14,894)
Net book amount	**511**	**5,134**	**5,645**

16. LEASEHOLD INTERESTS IN LAND

(a) Group

	2008 HK$'000	2007 HK$'000
Opening net carrying amount	**5,849**	5,980
Amortisation charge for the year	**(130)**	(131)
Closing net carrying amount	**5,719**	5,849

The prepaid lease payments for leasehold interests in land are held under long and medium term leases in Hong Kong of HK$676,000 (2007: HK$677,000) and HK$5,043,000 (2007: HK$5,172,000) respectively.

(b) Company

	2008	2007
	HK$'000	HK$'000
Opening net carrying amount	**677**	678
Amortisation charge for the year	**(1)**	(1)
Closing net carrying amount	**676**	677

The prepaid lease payment for leasehold interest in land is held under a long term lease in Hong Kong.

17. INVESTMENT PROPERTIES

(a) Group

	2008	2007
	HK$'000	HK$'000
At 1st April		
Gross carrying amount	**1,169**	1,169
Accumulated depreciation	**(82)**	(35)
Net carrying amount at 1st April	**1,087**	1,134
Opening net carrying amount	**1,087**	1,134
Transfer from property, plant and equipment	**426**	-
Transfer to property, plant and equipment	**(620)**	-
Depreciation	**(25)**	(47)
Closing net carrying amount	**868**	1,087
At 31st March		
Gross carrying amount	**934**	1,169
Accumulated depreciation	**(66)**	(82)
Net carrying amount at 31st March	**868**	1,087

All of the Group's investment properties are situated in Hong Kong and are held under long and medium term leases of HK$429,000 (2007: HK$448,000) and HK$439,000 (2007: HK$639,000) respectively.

The fair value of the Group's investment properties at 31st March, 2008 was approximately HK$3,164,000 (2007: HK$3,510,000) which was based on the valuation performed by BMI Appraisals Limited, a firm of independent professional surveyors. Valuations were based on the properties' open market value on 31st March, 2008.

(b) Company

	2008	2007
	HK$'000	HK$'000
At 1st April		
Gross carrying amount	**484**	484
Accumulated depreciation	**(36)**	(17)
Net carrying amount at 1st April	**448**	467
Opening net carrying amount	**448**	467
Depreciation	**(19)**	(19)
Closing net carrying amount	**429**	448
At 31st March		
Gross carrying amount	**484**	484
Accumulated depreciation	**(55)**	(36)
Net carrying amount at 31st March	**429**	448

The Company's investment property is situated in Hong Kong and is held under long term lease.

The fair value of the Company's investment property at 31st March, 2008 was approximately HK$930,000 (2007: HK$910,000) which was based on the valuation performed by BMI Appraisals Limited, a firm of independent professional surveyors. Valuation was based on the property's open market value on 31st March, 2008.

18. INTERESTS IN SUBSIDIARIES – COMPANY

	2008	2007
	HK$'000	HK$'000
Investments in subsidiaries		
Unlisted shares, at cost	**128,655**	127,926
Less: Provision for impairment loss	**(5,650)**	(5,142)
	123,005	122,784
Amounts due from subsidiaries	**578,269**	566,881
Amounts due to subsidiaries	**(257,676)**	(185,324)

The amounts due from/to subsidiaries were unsecured, interest free, except for receivables of HK$144,960,000 (2007: HK$195,000,000) and payables of HK$7,744,000 (2007: HK$6,588,000) which bore interest at rates ranging from 3.50% to 5.25% (2007: 3.50% to 7.75%) per annum, being the effective interest rates as at 31st March, 2008, and repayable on demand. The weighted average effective interest rates of the interest bearing balances due from/to subsidiaries during the year ranged from 3.50% to 7.75% (2007: 3.50% to 8.00%) per annum.

Details of the subsidiaries as at 31st March, 2008 are as follows:

Name	Place of incorporation/ operation	Particulars of issued capital	Percentage of issued capital held by Group	Company	Principal activities
Elias Holdings Limited	The Republic of Liberia	1 ordinary share with no par value	100	100	Dormant
Evermind Limited	Hong Kong	10,000 ordinary shares of HK$1 each	80	80	Investment holding
Grand Year Engineering Limited^	Hong Kong	1 ordinary share of HK$1	80	-	Provision of interior design services
Guangzhou Free Trade Zone King Fook Gold & Jewellery Company Limited	PRC, limited liability company	US$1,000,000	100	100	Dormant
Jacqueline Emporium Limited	Hong Kong	1,000 ordinary shares of HK$100 each	100	-	Investment and watch trading
Jet Bright Trading Limited	Hong Kong	2 ordinary shares of HK$1 each	100	-	Jewellery and watch retailing
Jewellery Hospital Company Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100	-	Manufacturing of jewellery products
King Fook China Resources Limited	Hong Kong	2 ordinary shares of HK$10 each	100	100	Investment holding
King Fook Commodities Company Limited	Hong Kong	50,000 ordinary shares of HK$100 each	100	-	Commodities broking
King Fook Gold & Jewellery Company Limited	Hong Kong	546,750 ordinary shares of HK$100 each	100	100	Investment holding and trading
King Fook Holding Management Limited	Hong Kong	50 ordinary shares of HK$100 each	100	100	Dormant
King Fook International Money Exchange (Kowloon) Limited	Hong Kong	65,000 ordinary shares of HK$100 each	100	-	Dormant
King Fook Investment Company Limited	Hong Kong	2,500,000 ordinary shares of HK$1 each	100	100	Investment holding
King Fook Jewellery Designing & Trading Company Limited	Hong Kong	5,000 ordinary shares of HK$100 each	100	-	Dormant

Name	Place of incorporation/ operation	Particulars of issued capital	Percentage of issued capital held by Group	Company	Principal activities
King Fook Jewellery Group Limited	Hong Kong	600,000 ordinary shares of HK$100 each	100	100	Gold ornament, jewellery and watch retailing and bullion trading
King Fook Securities Company Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	100	-	Securities broking
King Shing Bullion Traders & Finance Company Limited	Hong Kong	60,000 ordinary shares of HK$100 each	100	-	Dormant
King Fook (Beijing) Consultancy Services Limited#	PRC, limited liability company	US$100,000	100	-	Business consultancy
King Fook Jewellery (China) Company Limited	PRC, limited liability company	RMB30,000,000	100	-	Gold ornament, jewellery, watch and diamond retailing and wholesaling
King Fook (Shanghai) International Trading Limited#	PRC, limited liability company	US$200,000	100	-	Gold ornament, jewellery and watch wholesaling
Mario Villa Limited	Hong Kong	2,000,000 ordinary shares of HK$1 each	100	100	Investment trading
Mempro Limited	Isle of Man	100 ordinary shares of £1 each	60	-	Investment holding
Mempro S.A.*	Switzerland	1,052 ordinary shares of CHF1,000 each	59	-	Import and distribution of memory extensions and computer peripheral products
Metal Innovation Limited	British Virgin Islands and operating in Hong Kong	1 ordinary share of US$1	80	-	Design and metalising
Most Worth Investments Limited	British Virgin Islands	100 ordinary shares of US$1 each	100	100	Investment holding
Perfectrade Limited	Hong Kong	20,000 ordinary shares of HK$1 each	80	-	Provision of interior design services
Perfectrade Macau	Macau	MOP25,000	80	-	Provision of interior design services

Name	Place of incorporation/ operation	Particulars of issued capital	Percentage of issued capital held by Group	Company	Principal activities
Polyview International Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Watch trading and investment holding
PTE Engineering Limited	Hong Kong	10,000 ordinary shares of HK$1 each	80	-	Provision of construction services
Rich Point Trading Limited	Hong Kong	2 ordinary shares of HK$1 each	100	-	Dormant
Superior Travellers Services Limited	Hong Kong	500,000 ordinary shares of HK$1 each	100	100	Sale of travel related products and provision of marketing services for sale of travel related products
Sure Glory Limited	Hong Kong	2 ordinary shares of HK$1 each	100	-	Jewellery and watch retailing
Top Angel Limited	Hong Kong	1 ordinary share of HK$1	100	-	Trading of fashion
Trade Vantage Holdings Limited	Hong Kong	2 ordinary shares of HK$1 each	100	-	Jewellery and watch retailing
Yatheng Investments Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100	-	Property subletting
Young's Diamond Corporation (International) Limited	Hong Kong	100,000 ordinary shares of HK$100 each	98.6	98.6	Diamond wholesaling
Young's Diamond Factory Limited	Hong Kong	2,000 ordinary shares of US$10 each	98.6	-	Diamond wholesaling
Young's Diamond Corporation (Shanghai) Limited#	PRC, limited liability company	US$200,000	100	100	Diamond wholesaling

^ The company was newly incorporated during the year.

The names of these subsidiaries represent management's translation of the Chinese names of these companies as no English names have been registered.

* This company was engaged in the import and distribution of memory extensions and computer peripheral products. It applied for liquidation during the year.

19. INTEREST IN A JOINTLY CONTROLLED ENTITY – GROUP

	2008	2007
	HK$'000	HK$'000
Share of net assets	**5,099**	4,953

Details of the jointly controlled entity, established and operating in the PRC and held indirectly by the Company, as at 31st March, 2008 are as follows:

Name	**Principal activity**
Shandong Tarzan King Fook Precious Metal Refinery Co. Ltd.#	Gold refining and assaying

The name of the jointly controlled entity represents management's translation of the Chinese name of the company as no English name has been registered.

Pursuant to the joint venture agreement dated 25th January, 2002, the Group established a jointly controlled entity in the PRC with a PRC partner. The jointly controlled entity is a limited liability company with a registered capital of RMB10,000,000 and has a joint venture period of 15 years. The Group has 49% interest in ownership and profit sharing and 40% interest in voting power in the jointly controlled entity.

The aggregate amounts relating to the jointly controlled entity attributable to the Group that have been included in the Group's consolidated financial statements are as follows:

	2008	2007
	HK$'000	HK$'000
At 31st March		
Non-current assets	**1,394**	1,521
Current assets	**4,124**	3,741
	5,518	5,262
Current liabilities	**(419)**	(309)
Net assets	**5,099**	4,953
Year ended 31st March		
Income	**240**	363
Expenses	**(604)**	(568)
Loss for the year	**(364)**	(205)

20. AVAILABLE-FOR-SALE INVESTMENTS – GROUP

	2008 HK$'000	2007 HK$'000
Listed equity securities, at market value and fair value		
Listed in Hong Kong	**175,550**	142,705
Listed outside Hong Kong*	**5,889**	6,953
	181,439	149,658
Unlisted equity securities, at cost	**3,923**	3,493
Less: Provision for impairment loss#	**(3,327)**	(586)
	596	2,907
	182,035	152,565

* As at 31st March, 2008, Mr. Yeung Ping Leung, Howard (a director of the Company) and Horsham Enterprises Limited (a company beneficially owned by Mr. Yeung Ping Leung, Howard and Mr. Yeung Bing Kwong, Kenneth, directors of the Company) held 40.6% (2007: 41.2%) and 5.1% (2007: 5.2%) equity interests in that company respectively.

Impairment loss made for the year in the consolidated income statement had taken into account Jet Quay Pte. Ltd.'s current year's results.

Impairment losses in respect of unlisted equity securities are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against unlisted equity securities directly. The movement in provision for impairment loss is as follows:

	2008 HK$'000	2007 HK$'000
At the beginning of the year	**586**	-
Impairment loss for the year	**3,327**	586
Unrecoverable amounts written off	**(586)**	-
At the end of the year	**3,327**	586

The amounts presented for the listed equity securities have been determined directly by reference to published price quotations in active markets.

The fair value of unlisted equity securities was not disclosed as the fair value cannot be measured reliably. There was no open market on the unlisted investment and the management has no intention to dispose of such investment at 31st March, 2008.

These investments are subject to financial risk exposure in terms of price and currency risks.

As at 31st March, 2008, the carrying amount of interest in the following company exceeded 10% of the total assets of the Group:

Name	Place of incorporation	Principal activities	Particulars of issued shares held	Interest held
Hong Kong Exchanges and Clearing Limited	Hong Kong	Owns and operates the only stock exchange and futures exchange in Hong Kong	1,314,000 shares of HK$1 each	0.123%

21. OTHER ASSETS – GROUP

	2008	2007
	HK$'000	HK$'000
Statutory deposits	**2,126**	2,125
Guarantee deposit	**70**	58
	2,196	2,183

22. INVENTORIES – GROUP

	2008	2007
	HK$'000	HK$'000
Jewellery	**297,149**	213,314
Gold ornament and bullion	**56,426**	32,892
Watch and gift	**318,562**	341,946
Fashion	**1,149**	2,100
	673,286	590,252

23. DEBTORS, DEPOSITS AND PREPAYMENTS

		Group		**Company**	
		2008	2007	**2008**	2007
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Trade debtors	(a)	**38,406**	54,998	**-**	-
Other receivables		**22,835**	20,316	**365**	503
Deposits and prepayments		**20,070**	15,007	**843**	704
Insurance claim receivable	(b)	**12,000**	12,000	**-**	-
		93,311	102,321	**1,208**	1,207

Notes:

(a) Trade debtors – Group

	2008	2007
	HK$'000	HK$'000
Gross carrying amount of trade debtors	**41,692**	56,633
Less: Provision for impairment loss	**(3,286)**	(1,635)
Trade debtors	**38,406**	54,998

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly. The movement in provision for impairment loss is as follows:

	2008	2007
	HK$'000	HK$'000
At the beginning of the year	**1,635**	1,635
Impairment loss for the year	**1,651**	-
At the end of the year	**3,286**	1,635

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

	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
	38,406	54,998

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, bullion trading and diamond wholesaling businesses which are normally due within three months.

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	2008	2007
	HK$'000	HK$'000
Neither past due nor impaired	**30,498**	45,661
Past due 90 days or less	**4,225**	8,134
Past due more than 90 days but less than 1 year	**5,165**	49
Past due more than 1 year	**1,804**	2,789
Determined to be impaired	**(3,286)**	(1,635)
At 31st March	**38,406**	54,998

Trade debtors that were neither past due nor impaired related to customers for whom there were no recent history of default.

Trade debtors that were past due but not impaired related to a number of customers that had a good track record of credit with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

(b) During the year ended 31st March, 2006, the Company had discovered that a former director of a subsidiary of the Group might have misappropriated securities belonging to clients of the Group. At the best estimates of the directors of the Company, such securities had a total market value of about HK$28,800,000. During the year ended 31st March, 2007, the Group made compensation to the relevant customers. Based on current information, including the findings of the investigation and internal control review reports prepared by a firm of independent professional accountants, the directors considered that the provisions made in the prior years were adequate.

In this regard, the Group also has an insurance policy with a cover of HK$15 million (subject to an excess of HK$3 million). Taking into consideration of the latest development of the insurance claim, the Group recognised the net amount of HK$12 million as "Insurance claim receivable".

24. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS – GROUP

	2008	2007
	HK$'000	HK$'000
Equity securities, at market value and fair value		
Listed in Hong Kong	**4,551**	19,626
Listed outside Hong Kong	**8,602**	12,956
	13,153	32,582

The above investments are classified as held for trading.

Fair values for the listed equity securities have been determined by reference to their quoted market prices at the balance sheet date.

Investments at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the consolidated cash flow statement.

Changes in fair value of investments at fair value through profit or loss are recorded in other operating income in the consolidated income statement.

These investments are subject to financial risk exposure in terms of price and currency risks.

25. CASH AND CASH EQUIVALENTS

(a) Group

Cash and cash equivalents include the following components:

	2008	2007
	HK$'000	HK$'000
Cash at banks and in hand	**50,491**	45,970
Cash at other financial institution	**21,602**	-
Short-term bank deposits	**14,381**	10,727
	86,474	56,697

The cash balances at banks and other financial institution bore interests at floating rates based on daily bank deposit rates.

The effective interest rates of short-term bank deposits ranged from 1.20% to 3.57% (2007: 0.05% to 3.88%) per annum, which were the effective interest rates at 31st March, 2008. The weighted average effective interest rates of short-term bank deposits throughout the year ranged from 0.05% to 4.10% (2007: 0.01% to 3.95%) per annum. These deposits had a maturity of 1 to 31 days (2007: 1 to 31 days) and were eligible for immediate cancellation without receiving any interest for the last deposit period.

Included in cash and cash equivalents of the Group, balances of HK$27,651,000 (2007: HK$15,846,000) were denominated in Renminbi ("RMB"). RMB is not a freely convertible currency.

(b) Company

	2008	2007
	HK$'000	HK$'000
Cash at banks and in hand	**13,022**	5,914

The cash balances at banks bore interests at floating rates based on daily bank deposit rates.

26. CREDITORS, DEPOSITS RECEIVED, ACCRUALS AND DEFERRED INCOME

		Group		Company	
		2008	2007	**2008**	2007
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Trade payables	(a)	**39,171**	59,622	**-**	-
Other payables and accruals	(b)	**41,827**	35,796	**16,197**	8,540
Deposits received and deferred income		**16,188**	11,406	**90**	60
Other provision	(c)	**675**	-	**-**	-
		97,861	106,824	**16,287**	8,600

Notes:

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

	Group	
	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
	39,171	59,622

(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.

27. GOLD LOANS, UNSECURED

The movement of unsecured gold loans is as follows:

	2008	2007
	HK$'000	HK$'000
At the beginning of the year	**23,705**	25,006
Increase in fair value, net	**9,642**	2,995
Repayment	**-**	(4,296)
At the end of the year	**33,347**	23,705

Gold loans bore interests at fixed rates ranging from 1.38% to 1.60% (2007: 1.38% to 1.60%) per annum, which were the effective interest rates at 31st March, 2008. The weighted average effective interest rates of gold loans throughout the year ranged from 1.38% to 1.60% (2007: 1.13% to 1.60%) per annum.

Gold loans were borrowed to reduce the impact of fluctuation in gold prices on gold inventory. However, the criteria for hedge accounting were not fully met. Gold loans were then designated as financial liabilities at fair value through profit or loss to avoid an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

Gold loans are subject to financial risk exposure in terms of price risk.

28. BANK LOANS, UNSECURED

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank loans are repayable as follows:				
Within one year	**64,167**	92,215	**64,167**	86,000
In the second year	**16,668**	40,167	**16,668**	40,167
In third to fifth years, inclusive	**29,165**	45,833	**29,165**	45,833
	110,000	178,215	**110,000**	172,000
Portion classified as current liabilities	**(64,167)**	(92,215)	**(64,167)**	(86,000)
Non-current portion	**45,833**	86,000	**45,833**	86,000

All bank loans were denominated in Hong Kong dollars and bore interests at variable rates ranging from 2.70% to 6.20% (2007: 4.86% to 5.78%) per annum, which were the effective interest rates at 31st March, 2008. The weighted average effective interest rates of bank loans throughout the year ranged from 2.55% to 8.60% (2007: 3.50% to 9.00%) per annum.

29. PROVISION FOR LONG SERVICE PAYMENTS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**1,152**	432	**146**	153
Payments	**(8)**	(7)	**(8)**	(7)
Write back	**(115)**	-	**(115)**	-
Provision for the year	**-**	727	**-**	-
At the end of the year	**1,029**	1,152	**23**	146

The balances as at 31st March, 2007 and 2008 represent the provision for entitlements of the Group's employees to long service payments on termination of their employment, which are not fully covered by the Group's provident fund schemes, under the required circumstances specified in the Employment Ordinance.

30. SHARE CAPITAL

	2008	2007
	HK$'000	HK$'000
Authorised:		
620,000,000 (2007: 620,000,000) ordinary shares of HK$0.25 each	**155,000**	155,000
Issued and fully paid:		
435,071,650 (2007: 435,071,650) ordinary shares of HK$0.25 each	**108,768**	108,768

31. RESERVES

(a) Group

The amount of the Group's reserves and the movements therein for the current year are presented in the consolidated statement of changes in equity of the financial statements.

The share premium account of the Group includes the premium arising from issue of shares of the Company at a premium.

The capital reserve account of the Group includes negative goodwill arising on acquisitions of subsidiaries before 1st April, 2001 which represented the excess of the fair value of the Group's share of the net assets acquired over the cost of the acquisitions.

(b) Company

	Share premium HK$'000	Retained profits HK$'000	Total HK$'000
At 1st April, 2006	17,575	188,910	206,485
Profit for the year	-	3,207	3,207
Dividends	-	(5,439)	(5,439)
At 31st March, 2007	17,575	186,678	204,253
Representing:			
Proposed final dividend (note 10)		5,221	
Others		181,457	
		186,678	
At 1st April, 2007	17,575	186,678	204,253
Profit for the year	-	2,650	2,650
Dividends	-	(10,442)	(10,442)
At 31st March, 2008	**17,575**	**178,886**	**196,461**
Representing:			
Proposed final dividends (note 10)		6,961	
Others		171,925	
		178,886	

Details of the share premium account of the Company are set out in note 31(a) above.

32. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT – GROUP

Reconciliation of profit before taxation to operating profit before working capital changes is as follows:

	2008 HK$'000	2007 HK$'000
Profit before taxation	**164,991**	52,456
Amortisation of leasehold interests in land	**130**	131
Depreciation of property, plant and equipment	**12,866**	9,181
Depreciation of investment properties	**25**	47
Dividend income from investments at fair value through profit or loss/ available-for-sale investments	**(4,976)**	(3,440)
Exchange differences	**(510)**	(218)
Loss on disposal of property, plant and equipment	**242**	157
Loss on liquidation of a subsidiary	**675**	-
Interest expense	**8,892**	12,707
Interest income	**(1,076)**	(829)
Gain on disposal of available-for-sale investments	**(59,062)**	(18,270)
Fair value change of investments at fair value through profit or loss	**(20,016)**	(9,971)
Provision for impairment losses of available-for-sale investments	**2,741**	586
Provision for impairment losses of debtors	**2,511**	1,230
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
Write back of provision for long service payments	**(115)**	-
Share of loss of a jointly controlled entity	**364**	205
Operating profit before working capital changes	**122,817**	46,694

33. DEFERRED TAX

(a) Group

Deferred taxation is calculated in full on temporary differences under the balance sheet liability method using a taxation rate of 17.5% (2007: 17.5%).

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Deferred tax liabilities/(assets)

	Accelerated taxation depreciation		**Tax losses**		**Net amount shown in balance sheet**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**615**	390	**(615)**	(390)	**-**	-
Charged/(credited) to consolidated income statement	**255**	225	**(255)**	(225)	**-**	-
At the end of the year	**870**	615	**(870)**	(615)	**-**	-

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$75,919,000 (2007: HK$80,118,000) to carry forward against future taxable income and these tax losses have no expiry date.

As at 31st March, 2008, there were no material unrecognised deferred tax liabilities (2007: Nil).

(b) Company

The Company has no material deferred tax as at 31st March, 2008 (2007: Nil). The Company has unrecognised tax losses of HK$7,774,000 (2007: Nil) to carry forward against future taxable income and these tax losses have no expiry date.

34. OPERATING LEASE COMMITMENTS

At 31st March, the total future aggregate minimum lease payments under non-cancellable operating leases are as follows:

(a) Group

		2008			2007	
	Land and buildings	**Other assets**	**Total**	Land and buildings	Other assets	Total
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Within one year	**66,753**	**786**	**67,539**	54,232	-	54,232
In the second to fifth years inclusive	**47,601**	**291**	**47,892**	60,399	-	60,399
	114,354	**1,077**	**115,431**	114,631	-	114,631

At 31st March, 2008, the Group had total future minimum sublease payments expected to be received under non-cancellable subleases amounting to HK$713,000 (2007: HK$1,853,000).

(b) Company

	2008			2007		
	Land and buildings HK$'000	**Other assets HK$'000**	**Total HK$'000**	Land and buildings HK$'000	Other assets HK$'000	Total HK$'000
Within one year	**984**	**306**	**1,290**	292	-	292
In the second to fifth years inclusive	**368**	**114**	**482**	-	-	-
	1,352	**420**	**1,772**	292	-	292

The Group and the Company lease a number of properties under operating leases. The leases run for an initial period of one to four and two years respectively, without option to renew the lease term at the expiry date.

35. FUTURE OPERATING LEASE RECEIVABLES

At 31st March, the total future aggregate minimum lease receipts under non-cancellable operating leases in respect of investment properties are as follows:

	Group		**Company**	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Within one year	**992**	504	**360**	77
In the second to fifth years inclusive	**1,127**	52	**120**	-
	2,119	556	**480**	77

The Group and the Company lease their investment properties under operating lease arrangements which run for an initial period of two years, with option to renew the lease term at the expiry date.

36. RELATED PARTY TRANSACTIONS – GROUP

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	**2008 HK$'000**	2007 HK$'000
Operating lease rental on land and buildings paid to related companies:			
Stanwick Properties Limited	(a)	**6,730**	6,236
Contender Limited	(b)	**19,046**	17,080
Fabrico (Mfg) Limited	(c)	**180**	180
Operating lease rental on furniture and fixtures paid to			
Stanwick Properties Limited	(a)	**191**	-
Consultancy fees paid to related companies:			
Verbal Company Limited	(d)	**7,251**	3,882
Excellent Base Trading Limited	(e)	**650**	-
Revenue on construction contracts from a related company	(f)	**1,426**	-

Notes:

(a) The operating lease rentals were paid to Stanwick Properties Limited ("Stanwick") for the office and shop premises occupied by the Group in King Fook Building, Des Voeux Road Central, Hong Kong and the furniture and fixtures located in King Fook Building. Stanwick is a wholly owned subsidiary of Yeung Chi Shing Estates Limited, a substantial shareholder of the Company. Mr. Yeung Ping Leung, Howard and Mr. Yeung Bing Kwong, Kenneth, directors of the Company, together with other members of their family control the management of Yeung Chi Shing Estates Limited.

(b) The operating lease rental was paid to Contender Limited ("Contender"), a wholly owned subsidiary of Miramar Hotel and Investment Company, Limited ("Miramar"), a shareholder of the Company, for the shop premises occupied by the Group on the ground and first floors and the 1st Basement Level of Hotel Miramar Shopping Arcade, advertising signboards C1 and C2 at the external wall of Hotel Miramar and the signboard and showcases at the ground floor entrance facing Nathan Road of Hotel Miramar Shopping Arcade. Miramar ceased to be a substantial shareholder of the Company under SFO as Miramar's shareholding in the Company decreased to below 5% of the share capital of the Company as at 31st March, 2008. Mr. Tang Yat Sun, Richard and Mr. Cheng Ka On, Dominic are directors of the Company and directors and shareholders of Miramar. Dr. Sin Wai Kin (the father of Mr. Sin Nga Yan, Benedict, a director of the Company), a director and shareholder of Miramar, was not a director of the Company during the year ended 31st March, 2008. Mr. Yeung Ping Leung, Howard is a director of the Company and Miramar.

(c) The operating lease rental was paid to Fabrico (Mfg) Limited ("Fabrico") for the warehouse occupied by the Group in Comfort Building. Fabrico is a wholly owned subsidiary of Yeung Chi Shing Estates Limited (note (a)).

(d) The Company has entered into a consultation service agreement with Verbal Company Limited ("Verbal"), whereby Verbal provides the services of Mr. Yeung Ping Leung, Howard to the Group. Mr. Yeung Ping Leung, Howard and Mr. Tang Yat Sun, Richard are directors of the Company and Verbal, and Mr. Yeung Ping Leung, Howard has a beneficial interest in Verbal.

(e) The Group has entered into a marketing consultancy agreement with Excellent Base Trading Limited ("Excellent Base"), whereby Excellent Base provides marketing consultation service to a subsidiary of the Company. The spouse of Mr. Yeung Ping Leung, Howard (a director of the Company) is a director and the sole shareholder of Excellent Base.

(f) Revenue on construction contracts was recognised by the Group for the interior design services provided to Nudgee Hawaii Limited ("Nudgee"). Nudgee is a wholly owned subsidiary indirectly owned by an associated company of Yeung Chi Shing Estates Limited (note (a)).

(g) Compensation of key management personnel

	2008	2007
	HK$'000	HK$'000
Wages, salaries and allowances	**9,353**	6,572
Pension costs – defined contribution retirement schemes	**266**	295
	9,619	6,867

37. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which results from both its operating and investing activities. The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate strategies to manage the Group's exposure to market risks, including changes in interest rates and currency exchange rates. Generally, the Group utilises conservative strategies on its risk management. The Group's exposure to market risk is kept to minimum. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not issue derivative financial instruments for trading purposes.

The most significant financial risks to which the Group is exposed are described below. A summary of the Group's financial assets and liabilities by category is shown in note 38.

(a) Credit risk

The Group's maximum exposure to credit risk in the event of the counter parties' failure to perform their obligations as at 31st March, 2008 in relation to each class of recognised financial assets is the carrying amount of those assets as shown in note 38. In order to minimise the credit risk, the management of the Group reviews the recoverable amount of each individual debt at each balance sheet date to ensure that adequate impairment loss is made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counter parties and customers.

The credit risks for proceeds from sale of investments at fair value through profit or loss and available-for-sale investments of the Group are considered immaterial as the counterparties are reputable financial institutions (broker with high quality credit ratings). The credit risks for cash and cash equivalents of the Group and the Company are also regarded as immaterial as they are deposited with major banks and other financial institution located in Hong Kong and the PRC.

The Group does not hold material collateral over the financial assets. None of the financial assets of the Company are secured by collateral or other credit enhancements.

(b) Foreign currency risk

Most of the Group's transactions are carried out in Hong Kong dollars. Exposures to currency exchange rates arise from the Group's PRC operations, which are denominated in RMB, and investments, which are denominated in United States dollars ("USD") and RMB.

Details of financial assets and liabilities denominated in foreign currencies as at the balance sheet date, translated into Hong Kong dollars equivalents at the closing rate, are as follows:

	2008		2007	
	USD	**RMB**	USD	RMB
	HK$'000	**HK$'000**	HK$'000	HK$'000
Financial assets				
Available-for-sale investments	**5,889**	**-**	6,953	-
Investments at fair value through profit or loss	**-**	**8,602**	-	12,956
Cash and cash equivalents	**394**	**27,651**	391	15,846
Exposure	**6,283**	**36,253**	7,344	28,802

The Group reviews its foreign currency exposures regularly and does not consider its foreign currency risk to be significant. However, the Group would consider hedging of its foreign currency exposures if its foreign currency risk becomes significant.

A reasonable change in foreign currency rates in the next twelve months is assessed to result in immaterial change in the Group's and Company's profit after tax, retained profits and other components of equity. The Group adopts centralised treasury policies in cash and financial management and focuses on reducing the Group's overall exchange differences.

(c) Interest rate risk

The Group is exposed to changes in market interest rates through its cash at banks and other financial institution and bank loans at floating interest rates, which are subject to variable interest rates. The interest rates and terms are disclosed in notes 25 and 28.

The Group's policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no undue exposures to significant interest rate movements and rates are approximately fixed when necessary.

A reasonable change in interest rates in the next twelve months is assessed to result in immaterial change in the Group's and Company's profit after tax and retained profits. Changes in interest rates have no impact on the Group's and Company's other components of equity. The Group adopts centralised treasury policies in cash and financial management and focuses on reducing the Group's overall interest expense.

(d) Price risk

Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as investments at fair value through profit or loss and available-for-sale investments. Other than unquoted securities, all of these investments are listed. The Company has no significant investments subject to equity price risk.

The Group's listed investments are primarily listed on the stock exchanges of Hong Kong, the PRC and the United States of America ("USA"). Listed investments held in the available-for-sale portfolio have been chosen based on their long term growth potential and are monitored regularly for performance against expectations.

The following table indicates the approximate change in the Group's investment revaluation reserve in response to the reasonably possible changes in the Hong Kong stock market prices, to which the Group has significant exposure at the balance sheet date. A reasonable change in equity prices for the Hong Kong market in the next twelve months is assessed to result in immaterial change in the Group's profit after tax and retained profits.

	2008		2007	
	Increase/ (decrease) in security market price	**Effect on investment revaluation reserve HK$'000**	Increase/ (decrease) in security market price	Effect on investment revaluation reserve HK$'000
Hong Kong market	**30%**	**52,665**	30%	42,812
Hong Kong market	**(30%)**	**(52,665)**	(30%)	(42,812)

The sensitivity analysis above has been determined assuming that the change in equity price had occurred at the balance sheet date and had been applied to the exposure to price risk for the non-derivative financial instruments in existence at that date. The 30% increase/decrease represents management's assessment of a reasonably possible change in equity prices over the period until the next annual balance sheet date. The analysis is performed on the same basis for the year ended 31st March, 2007.

A reasonable change in equity prices for USA and PRC markets in the next twelve months is assessed to result in immaterial change in the Group's profit after tax, retained profits and other components of equity. The Group adopts centralised treasury policies in cash and financial management and focuses on reducing the Group's overall exposure to fair value change.

Commodity price risk

The Group's and the Company's commodity price risk arises from gold loans (note 27). The gold loans are designated to reduce the impact of fluctuation in gold prices on gold inventory. Given this, management does not expect that there will be any significant commodity price risk associated with the gold loans.

(e) Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents and have available funding to meet its working capital requirements. The Group's liquidity is dependent upon the cash received from its customers. The directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

As at 31st March, 2008, the Group's financial liabilities have contractual maturities, which are based on contractual undiscounted cash flows, as set out below:

(i) Group

	On demand HK$'000	Within 6 months HK$'000	6 to 12 Months HK$'000	1 to 5 Years HK$'000	Total HK$'000
At 31st March, 2008					
Trade payable	**-**	**39,171**	**-**	**-**	**39,171**
Other payables and accruals	**11,989**	**29,802**	**4**	**32**	**41,827**
Gold loans, unsecured	**-**	**33,401**	**-**	**-**	**33,401**
Bank loans, unsecured	**-**	**30,170**	**35,337**	**49,356**	**114,863**
	11,989	**132,544**	**35,341**	**49,388**	**229,262**
At 31st March, 2007					
Trade payable	-	59,622	-	-	59,622
Other payables and accruals	8,520	27,276	-	-	35,796
Gold loans, unsecured	-	23,750	-	-	23,750
Bank loans, unsecured	-	86,532	6,298	97,396	190,226
	8,520	197,180	6,298	97,396	309,394

(ii) Company

	On demand HK$'000	Within 6 months HK$'000	6 to 12 Months HK$'000	1 to 5 Years HK$'000	Total HK$'000
At 31st March, 2008					
Other payables and accruals	**793**	**15,404**	**-**	**-**	**16,197**
Gold loans, unsecured	**-**	**33,401**	**-**	**-**	**33,401**
Bank loans, unsecured	**-**	**30,170**	**35,337**	**49,356**	**114,863**
Amounts due to subsidiaries	**257,676**	**-**	**-**	**-**	**257,676**
	258,469	**78,975**	**35,337**	**49,356**	**422,137**
At 31st March, 2007					
Other payables and accruals	723	7,817	-	-	8,540
Gold loans, unsecured	-	23,750	-	-	23,750
Bank loans, unsecured	-	80,316	6,298	97,396	184,010
Amounts due to subsidiaries	185,324	-	-	-	185,324
	186,047	111,883	6,298	97,396	401,624

(f) Fair values

The fair values of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity. The fair values of non-current liabilities are not disclosed because their carrying values are not materially different from their fair values.

38. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The categories of financial assets and financial liabilities included in the balance sheet and the headings in which they are included are as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets at fair value				
Non-current assets				
- Available-for-sale investments	**181,439**	149,658	**-**	-
Current assets				
- Investments at fair value through profit or loss	**13,153**	32,582	**-**	-
	194,592	182,240	**-**	-
Financial assets at cost less impairment loss				
Non-current assets				
- Available-for-sale investments	**596**	2,907	**-**	-
Financial assets at amortised cost				
Current assets				
- Trade debtors	**38,406**	54,998	**-**	-
- Amounts due from subsidiaries	**-**	-	**578,269**	566,881
- Other receivables	**22,835**	20,316	**365**	503
- Insurance claim receivable	**12,000**	12,000	**-**	-
- Cash and cash equivalents	**86,474**	56,697	**13,022**	5,914
	159,715	144,011	**591,656**	573,298
	354,903	329,158	**591,656**	573,298
Financial liabilities at fair value				
Current liabilities				
- Gold loans, unsecured	**33,347**	23,705	**33,347**	23,705
Financial liabilities at amortised cost				
Non-current liabilities				
- Bank loans, unsecured	**45,833**	86,000	**45,833**	86,000
Current liabilities				
- Trade payables	**39,171**	59,622	**-**	-
- Amounts due to subsidiaries	**-**	-	**257,676**	185,324
- Other payables and accruals	**41,827**	35,796	**16,197**	8,540
- Bank loans, unsecured	**64,167**	92,215	**64,167**	86,000
	190,998	273,633	**383,873**	365,864
	224,345	297,338	**417,220**	389,569

39. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are:

(i) to ensure the Group's ability to continue as a going concern; and

(ii) to provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group sets the amount of equity capital in proportion to its overall financing structure. The equity capital-to-overall financing ratio at balance sheet date was as follows:

	2008	2007
	HK$'000	HK$'000
Equity capital		
Total capital and reserves	**828,299**	656,119
Overall financing		
Bank loans, unsecured	**110,000**	178,215
Gold loans, unsecured	**33,347**	23,705
	143,347	201,920
Equity capital-to-overall financing ratio	**5.78 : 1**	3.25 : 1

40. COMPARATIVE FIGURES

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

3. INDEBTEDNESS

As at the close of business on 30th June, 2008, being the latest practicable date for ascertaining information regarding this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK$191 million comprising unsecured long term bank loans of approximately HK$42 million, unsecured short term bank loans of approximately HK$118 million and unsecured gold loan of approximately HK$31 million. There were no secured or guaranteed borrowings.

As at 30th June, 2008, the Group had no contingent liability arising in the ordinary course of business.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate rates of exchange prevailing at the close of business on 30th June, 2008.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any bank loans, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures or other loan capital, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 30th June, 2008.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Group's internally generated funds and available banking facilities, the Group has sufficient working capital to satisfy its present requirements for at least 12 months from the date of this circular.

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the unaudited consolidated pro forma net assets statement of the Group as at 31st March, 2008 and the unaudited consolidated pro forma profit and loss statement for the year then ended (collectively known as "unaudited pro forma financial information") which have been prepared in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Disposal Proposal as if it had taken place on 31st March, 2008 for the unaudited consolidated pro forma net assets statement and on 1st April, 2007 for the unaudited consolidated pro forma profit and loss statement.

The unaudited pro forma financial information has been prepared for illustrative purpose only, and because of its nature, it may not give a true picture of the Group's financial position or results following completion of the Disposal Proposal.

The unaudited pro forma financial information is based on the audited consolidated net assets of the Group as at 31st March, 2008 and the audited consolidated income statement for the year then ended as shown in the audited financial statements of the Group for the year ended 31st March, 2008, after giving effect to the pro forma adjustments described in the notes thereto. A narrative description of the pro forma adjustments of the Disposal Proposal that are (i) directly attributable to the Disposal Proposal and not relating to future events or decisions; and (ii) factually supportable, are summarised in the accompanying notes.

The unaudited pro forma financial information of the Group is based on a number of assumptions, estimates and uncertainties. The accompanying unaudited pro forma financial information of the Group does not purport to describe the actual financial position or results of the Group that would have been attained had the Disposal Proposal been completed on 31st March, 2008 for the unaudited consolidated pro forma net assets statement and on 1st April, 2007 for the unaudited consolidated pro forma profit and loss statement. The unaudited pro forma financial information of the Group does not purport to predict the future financial position or results of the Group.

1.1 Unaudited consolidated pro forma net assets statement

	Audited as at 31st March, 2008	Pro forma adjustments			Unaudited pro forma as at 31st March, 2008
	HK$'000	HK$'000 (Note 1)	HK$'000 (Note 2)	HK$'000 (Note 3)	HK$'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	20,129				20,129
Leasehold interests in land	5,719				5,719
Investment properties	868				868
Interest in a jointly controlled entity	5,099				5,099
Available-for-sale investments	182,035		(175,550)		6,485
Other assets	2,196				2,196
	216,046				40,496
Current assets					
Inventories	673,286				673,286
Debtors, deposits and prepayments	93,311				93,311
Investments at fair value through profit or loss	13,153				13,153
Tax recoverable	451				451
Cash and cash equivalents	86,474	133,881		(800)	219,555
	866,675				999,756
Current liabilities					
Creditors, deposits received, accruals and deferred income	97,861				97,861
Taxation payable	12,185				12,185
Gold loans, unsecured	33,347				33,347
Bank loans, unsecured	64,167				64,167
	207,560				207,560
Net current assets	659,115				792,196
Total assets less current liabilities	875,161				832,692
Non-current liabilities					
Bank loans, unsecured	45,833				45,833
Provision for long service payments	1,029				1,029
	46,862				46,862
Net assets	828,299				785,830

Notes:

1. The adjustment reflects the estimated net proceeds arising from the Disposal Proposal of approximately HK$133,881,000, after deduction of handling charges of approximately HK$147,000 (i.e. 0.11% on the gross proceeds), to be received by the Group in cash assuming the 1,314,000 HKEC Shares under the Disposal Proposal will be fully disposed of at the price of HK$102 per HKEC Share (i.e. the closing price quoted on the Stock Exchange as at the Latest Practicable Date).

2. The adjustment reflects the carrying amount of the 1,314,000 HKEC Shares at 31st March, 2008 which were classified as "Available-for-sale investments" under the Disposal Proposal of approximately HK$175,550,000.

3. The adjustment reflects the estimated related expenses to be paid in cash by the Group of approximately HK$800,000 in connection with the Disposal Proposal which are directly attributable to the Disposal Proposal and are based on the latest quotations from various working parties.

4. In prior years, the Group disposed of HKEC Shares which were classified as "Available-for-sale investments" and the net gain from such disposal was not subject to Hong Kong profits tax. Therefore, in the opinion of the Directors, the net gain from the proposed disposal of the 1,314,000 HKEC Shares which were classified as "Available-for-sale investments" (note 2) will not be subject to Hong Kong profits tax due to the capital nature of such investments. There is no potential tax liability based on the Company's experience.

1.2 Unaudited consolidated pro forma profit and loss statement

	Audited for the year ended 31st March, 2008	Pro forma adjustments			Unaudited pro forma for the year ended 31st March, 2008
	HK$'000	HK$'000 (Note 1)	HK$'000 (Note 2)	HK$'000 (Note 3)	HK$'000
Revenue	1,222,261				1,222,261
Cost of sales	(890,375)				(890,375)
Gross profit	331,886				331,886
Other operating income	92,477	(3,916)	33,020	100,061	221,642
Distribution and selling costs	(160,784)				(160,784)
Administrative expenses	(80,179)				(80,179)
Other operating expenses	(9,153)				(9,153)
Operating profit	174,247				303,412
Finance costs	(8,892)				(8,892)
Share of loss of a jointly controlled entity	(364)				(364)
Profit before taxation	164,991				294,156
Taxation	(18,466)				(18,466)
Profit for the year	146,525				275,690
Attributable to:					
Shareholders of the Company	146,940	(3,916)	33,020	100,061	276,105
Minority interests	(415)				(415)
Profit for the year	146,525				275,690

Notes:

1. The adjustment reflects the reversal of dividend income received by the Group for the 1,314,000 HKEC Shares during the year ended 31st March, 2008 had the Disposal Proposal been in place on 1st April, 2007.

2. The adjustment reflects the net gain arising from the Disposal Proposal assuming these transactions had taken place on 1st April, 2007. The adjustment of approximately HK$33,020,000 takes into account the followings:

   (a) the estimated net proceeds of approximately HK$133,881,000, after deduction of handling charges of approximately HK$147,000 (i.e. 0.11% on the gross proceeds), to be received by the Group assuming the 1,314,000 HKEC Shares under the Disposal Proposal will be fully disposed of at the price of HK$102 per HKEC Share (i.e. closing price quoted on the Stock Exchange as at the Latest Practicable Date);

(b) the carrying amount of the 1,314,000 HKEC Shares as at 1st April, 2007 to be disposed amounted to approximately HK$100,061,000; and

(c) the estimated related expenses of approximately HK$800,000 in connection with the Disposal Proposal which are directly attributable to the Disposal Proposal and are based on the latest quotations from various working parties.

3. The adjustment reflects the realisation of accumulated revaluation surplus of HK$100,061,000 for the 1,314,000 HKEC Shares which were classified as "Available-for-sale investments" assuming the Disposal Proposal had been in place on 1st April, 2007.

2. LETTER FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA INFORMATION RELATING TO THE DISPOSAL PROPOSAL

The following is the full text of a letter from the Company's reporting accountants, Grant Thornton, Certified Public Accountants, Hong Kong for incorporation in this circular:

5th September, 2008

Grant Thornton
均富

The Directors
King Fook Holdings Limited
9/F, King Fook Building
30-32 Des Voeux Road Central
Hong Kong

Dear Sirs

Accountants' report on the unaudited pro forma financial information to the directors of King Fook Holdings Limited (the "Company")

We report on the unaudited pro forma financial information of the Company and its subsidiaries (collectively referred to as the "Group"), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed disposal of 1,314,000 shares in Hong Kong Exchanges and Clearing Limited (the "Disposal Proposal") might have affected the financial information presented, for inclusion in Appendix II of the Company's circular dated 5th September, 2008 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out in the section headed "Unaudited pro forma financial information" in Appendix II to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we did not express any such assurance on the unaudited pro forma financial information.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial positions of the Group as at 31st March, 2008 or any future date; or
- the results of the Group for the year ended 31st March, 2008 or any future periods.

Opinion

In our opinion:

a. the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Grant Thornton
Certified Public Accountants
13th Floor, Gloucester Tower
The Landmark
15 Queen’s Road Central
Hong Kong

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

DISCLOSURE OF INTERESTS

Interests of Directors

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

Name	Number of Shares	Nature of interest	Percentage of shareholding
Mr. Tang Yat Sun, Richard	13,571,000	(Note 1)	3.12%
Mr. Cheng Ka On, Dominic	4,035,000	(Note 2)	0.93%
Mr. Ho Hau Hay, Hamilton	3,170,000	Corporate (Note 3)	0.73%

Notes:

1. *3,585,000 Shares are personal interest and 9,986,000 Shares are corporate interest (which Shares are held by Daily Moon Investments Limited in which Mr. Tang has a 100% interest).*

2. *4,020,000 Shares are personal interest and 15,000 Shares are family interest.*

3. *These Shares are held by Tak Hung (Holding) Co. Ltd. in which Mr. Ho has a 40% interest.*

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

Interests of other persons in the share capital of the Company

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

Name	Number of Shares	Nature of interest	Percentage of shareholding
YCS	193,145,055	Note	44.39%

Note: 186,985,035 Shares are beneficially owned by YCS while 6,160,020 Shares are its corporate interest.

Save as disclosed above, as at the Latest Practicable Date, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

None of the Directors is a director or employee of YCS.

Interests in other members of the Group

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

(a) Mr. David Cheng Kam Hung was interested in (i) 20% of the issued share capital of each of Evermind Limited, Perfectrade Limited, Metal Innovation Limited, PTE Engineering Limited, Perfectrade Macau and Grand Year Engineering Limited; (ii) 15% of the issued share capital of Mempro Limited; and (iii) 14.85% of the issued share capital of Mempro S.A.; and

(b) Temple Belle Limited was interested in (i) 25% of the issued share capital of Mempro Limited; and (ii) 24.75% of the issued share capital of Mempro S.A., which has applied for liquidation during the year ended 31st March , 2008.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any person (other than a Director or chief executive of the Company) who was interested, directly or indirectly, in 10% or more of the issued shares of any member of the Group or any options in respect of such capital.

Interests of experts in the Group

The experts named in the paragraph headed "Consents" in this appendix do not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Interests in contracts or arrangements

(a) (i) The Company has entered into a licence agreement with YCS pursuant to which the Company was granted an exclusive right for the design, manufacture and distribution of gold and jewellery products under the trademark of "King Fook" on a worldwide basis for a total consideration of HK$1. The agreement commenced from 7th December, 1998 and does not fix the termination date.

(ii) KF Jewellery (as tenant) entered into a tenancy agreement dated 4th April, 2007 with Fabrico (Mfg) Limited (a wholly owned subsidiary of YCS) relating to Apartment F, 3rd Floor, Comfort Building, 88 Nathan Road, Kowloon for a term of two years from 1st April, 2007 at the monthly rent of HK$15,000 exclusive of rates.

(iii) The Company and KF Jewellery (as tenants) and the Landlord entered into 6 tenancy agreements all dated 4th May, 2007 in respect of 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 two years from 16th August, 2007 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.

(iv) The Company has entered into an agreement with the Landlord pursuant to which the Company is granted the right to use the furniture and fixture at 3rd Floor of King Fook Building (which is used by the Group as conference rooms) at the monthly fee of HK$25,480 for a term of two years from 16th August, 2007.

Mr. Yeung Ping Leung, Howard and Mr. Yeung Bing Kwong, Kenneth, together with other members of their family, control the management of YCS.

(b) (i) KF Jewellery entered into a tenancy agreement with Contender Limited (a wholly owned subsidiary of Miramar Hotel and Investment Company, Limited ("Miramar")) on 17th October, 2006 in respect of shop units G1-2 and G1A on the ground floor and shop units AR201-02 and AR217 on the first floor of Hotel Miramar Shopping Arcade, Kowloon, Hong Kong for a term of three years from 16th July, 2006 to 15th July, 2009 at the total monthly rent of HK$1,100,000, exclusive of management fees, air-conditioning charges, promotional contribution fees and rates.

(ii) Top Angel Limited (a wholly owned subsidiary of the Company) and Contender Limited entered into a tenancy agreement on 6th July, 2006 relating to shops 1B1 and 1B2, 1st Basement Level, Hotel Miramar Shopping Arcade, Kowloon, Hong Kong for a term of three year from 9th June, 2006 to 8th June, 2009 at the total monthly rent of HK$473,430, exclusive of management fees, air-conditioning charges, promotional contribution fees and rates.

(iii) Top Angel Limited and Contender Limited entered into a licence agreement on 25th June, 2007 relating to advertising signboards C1 and C2 at the external wall of Hotel Miramar, 118-130 Nathan Road, Tsimshatsui, Kowloon for a term of three years from 14th August, 2006 at the monthly licence fee of HK$40,000.

(iv) Top Angel Limited and Contender Limited entered into a licence agreement on 5th September, 2006 relating to the signboard and showcases at Ground Floor Entrance facing Nathan Road of Hotel Miramar Shopping Arcade for a term of three years from 9th June, 2006 at the licence fee of HK$1 for the whole licence period.

Mr. Tang Yat Sun, Richard and Mr. Cheng Ka On, Dominic are directors and shareholders of Miramar, the holding company of Contender Limited. Mr. Yeung Ping Leung, Howard is a director of Miramar.

(c) The Company entered into a consultation service agreement on 1st April, 2008 with Verbal Company Limited ("Verbal"), whereby Verbal provides the services of Mr. Yeung Ping Leung, Howard to the Company at a consultancy fee of HK$2,798,400 per annum plus a performance based incentive bonus. Mr. Yeung Ping Leung, Howard and Mr. Tang Yat Sun, Richard are directors of Verbal and Mr. Yeung Ping Leung, Howard has a beneficial interest in Verbal.

Save as disclosed above, none of the Directors has any interest in contracts or arrangements subsisting at the Latest Practicable Date which is significant in relation to the business of the Group as a whole.

Interests in assets

Save as disclosed in the paragraph headed "Interests in contract or arrangement" above, none of the Directors or expert named in the paragraph headed "Consents" in this appendix has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31st March, 2008, being the date to which the latest published audited accounts of the Company were made up.

Service contracts

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

Competing business

Mr. Cheng Kar Shing, Peter is a director of Chow Tai Fook Jewellery Co. Ltd. ("Chow Tai Fook"). The gold ornament, jewellery and watch retailing business of Chow Tai Fook may compete with similar business of the Group.

Mr. Sin Nga Yan, Benedict is a director and the general manager of Myer Jewelry Manufacturer Limited. The trading of fine and costume jewellery business of Myer Jewelry Manufacturer Limited and its subsidiaries ("Myer Group") may compete with similar business of the Group.

Mr. Tang Yat Sun, Richard is a director of Hang Seng Bank Limited ("Hang Seng"). The bullion trading, securities broking and money changer business of Hang Seng may compete with similar business of the Group.

The Group has experienced senior management independent of the above-named Directors to conduct its business and is therefore capable of carrying on its business independently of and at arm's length from the respective businesses of Chow Tai Fook, Myer Group and Hang Seng.

Save as disclosed above, none of the Directors has any interest in any business which competes or is likely to compete, either directly or indirectly, with the Group's business.

LITIGATION

On 8th March, 2006, KF Securities commenced legal action in the High Court of Hong Kong against Ching Chun Kuen, a former director of KF Securities, for, inter alia, damages for misappropriation of securities belonging to its clients with a market value as at the date of the action of about HK$25 million (as referred to in the Company's announcement of 7th March, 2006). KF Securities has obtained an injunction against the defendant restraining him from disposing of his assets in Hong Kong.

On 1st August, 2006, the defendant filed a petition to declare himself bankrupt. A bankruptcy order was made on 15th August, 2006 against the defendant. Due to the effect of the bankruptcy order, the proceedings of KF Securities have been stayed.

The assets of the defendant have been vested with the Joint and Several Trustees, who have been appointed for investigation of his assets and recovery of them. The Trustees have proceeded with various recovery actions in relation to the defendant's estate, including the sale of a property in Hong Kong (which was jointly owned by the defendant and his ex-wife). Exact figures in respect of recoveries by the Trustees are not yet available.

The Company has engaged KPMG to conduct an investigation concerning the loss incurred in this incident. According to an investigation report dated 7th September, 2007 issued by KPMG, the loss is HK$28,298,877. Since then there is no update on this case.

Provisions of HK$16,800,000 and HK$126,000 on the net exposure, representing the market value of the securities as estimated by the Directors less insurance covered resulting from this incident, were charged to the income statements of the Group for the two years ended 31st March, 2006 and 2007 respectively.

The above case and the legal proceedings against the defendant will not have any material impact on the operation or financial position of the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

CONSENTS

Somerley Limited and Grant Thornton have given and have not withdrawn their respective written consents to the issue of this circular with copy of its letter (in the case of Grant Thornton) and the references to their names included herein in the form and context in which they are respectively included.

QUALIFICATIONS OF EXPERTS

The qualifications of the experts who have given opinion in this circular are as follows :

Name	Qualification
Grant Thornton	Certified Public Accountants
Somerley Limited	A licensed corporation under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

MATERIAL CONTRACTS

No contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular which are or may be material.

GENERAL

(a) The secretary of the Company is Ms. Cheung Kit Man, Melina. She holds a bachelor degree in business administration from the Chinese University of Hong Kong and has over 24 years' experience in company secretarial work.

(b) The qualified accountant of the Company is Mr. Chan Loong Sang, Tommy, a member of the American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants, as well as an associate of the Hong Kong Institute of Chartered Secretaries.

(c) The share registrar of the Company is Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Jennifer Cheung & Co. at Unit A, 19th Floor, Two Chinachem Plaza, 68 Connaught Road Central, Hong Kong during normal business hours up to and including 19th September, 2008:

(a) the Memorandum and Articles of Association of the Company;

(b) the annual reports of the Company for the three years ended 31st March, 2008;

(c) the reports of Grant Thornton on (i) the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II; and (ii) review of the profit and loss statement on and valuation attributable to the Disposal Shares under the Disposal Proposal set out in the letter from the Board; and

(d) the written consents referred to in the paragraph headed "Consents" in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING

king fook holdings limited

景福集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code : 280)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the abovementioned company (the "Company") will be held at Tsui Hang Village Restaurant, 2nd Floor, New World Tower, 16-18 Queen's Road Central, Hong Kong on 3rd October, 2008 at 4:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

"THAT the disposal of up to 1,314,000 shares of HK$1 each of Hong Kong Exchanges and Clearing Limited ("Disposal Shares") owned by King Fook Securities Company Limited, a wholly owned subsidiary of the Company, to purchasers (who and whose ultimate beneficial owners are independent and not connected with the Company, any directors, chief executive officer or substantial shareholders of the Company or any of its subsidiaries or their respective associates) at prevailing market prices (which shall not be less than HK$34 per Disposal Share) on-market through The Stock Exchange of Hong Kong Limited within a period of one year from the date of passing of this resolution and on such terms and conditions as may be determined by the directors of the Company from time to time be and is hereby approved and that the directors of the Company be and are hereby authorised to implement the same."

By Order of the Board
Cheung Kit Man, Melina
Company Secretary

Hong Kong, 5th September, 2008

Registered office:
9th Floor
King Fook Building
30-32 Des Voeux Road Central
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint not more than two proxies (except a member who is a clearing house or its nominee may appoint more than two proxies) to attend and vote in his stead. A proxy need not be a member of the Company.

2. A form of proxy for the meeting is enclosed. In order to be valid, the form of proxy must be deposited at the Company's registered office together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.