king fook holdings limited
景福集團有限公司

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2018

INTERIM REPORT

STOCK CODE: 280

Contents

The Board of Directors (the "Board") of King Fook Holdings Limited (the "Company") presents their report together with the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2018. The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the six months ended 30 September 2018, and the condensed consolidated statement of financial position as at 30 September 2018 of the Group, all of which are unaudited, along with selected explanatory notes, are set out on pages 11 to 56 of this report.

INTERIM DIVIDEND

The Board of the Company has resolved not to declare an interim dividend for the year ending 31 March 2019 (for the year ended 31 March 2018: Nil) to shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Results Overview

The Group is principally engaged in gold ornament, jewellery, watch and gift retailing, bullion trading and diamond wholesaling. More than 90% of the Group's revenue is derived from activities in Hong Kong.

For the six months ended 30 September 2018, the Group recorded total revenue of HK$264.3 million, representing an increase of HK$39.0 million or 17.3% from HK$225.3 million of the last corresponding period. The unaudited consolidated loss attributable to owners of the Company for the period under review reduced by HK$9.6 million or 66.0% to HK$5.0 million from HK$14.6 million of the same period last year. Such decrease in loss was primarily due to the improvement in the retail business of the Group during such period.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review

The Group operated six retail shops as at 30 September 2018. The Group's revenue and gross profit achieved a double-digit growth during the period under review.

The revenue of the Group's retailing business for the six months ended 30 September 2018 increased by HK$37.6 million or 16.7% to HK$262.5 million from HK$224.9 million of the same period last year. Such increase was mainly contributed by the 52.5% growth on sales of watches. Same shop sales growth was 31.0% as compared to the same period last year. Combined the effort of a series of promotion activities and improvement in consumer sentiments, especially in the watch segment, the Group achieved a steady growth of revenue and decrease of loss in the period under review.

Outlook

Looking forward, although the improvement in consumer sentiments and increasing number of tourists from Mainland China may contribute to a positive outlook for the local retail sector, the Group will be more cautious on expansion and will closely monitor the market trend, given the looming challenges in the global economy, including the Sino-US trade disputes and global interest rate hike.

The Group will continue to look for network expansion opportunities cautiously, enhance its service standard and intensify the offer of jewellery products so as to strengthen its competitiveness and meet the changing needs of customers. In order to further improve its service standard, the Group provides on-going training programs and staff development programs to enhance product knowledge, service and management skill of its staff.

Besides to drive the sales performance, the Group will take further measures to improve operation efficiency and enhance productivity, including stringent control on inventory management and cost.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial Review

Liquidity and Financial Resources

As at 30 September 2018, the Group's current assets and current liabilities were approximately HK$696.5 million and HK$75.0 million respectively. There were cash and cash equivalents of approximately HK$175.2 million, bank loans of approximately HK$25.0 million and gold loan of approximately HK$17.8 million.

Based on the total borrowings of the Group of approximately HK$42.8 million and the equity attributable to owners of the Company of approximately HK$627.5 million as at 30 September 2018, the overall borrowings to equity ratio was 6.8%, which was at a healthy level.

Exposure to Fluctuation in Foreign Exchange Rates

The Group reviews its foreign currency exposure regularly and does not consider its foreign currency risk to be significant. No financial instrument was used for hedging.

Charge on Assets

As at 30 September 2018, there was no charge on the Group's assets.

Capital Expenditure

During the period, the Group incurred capital expenditures of approximately HK$7,000, including the costs of furniture and equipment.

Capital Commitments and Contingent Liabilities

As at 30 September 2018, there were no material capital commitments, contingent liabilities or off-balance sheet obligation.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2018, the Group had about 127 employees. The employees (including directors) are remunerated according to the nature of their jobs, experience and contribution to the Group. The Group has an incentive bonus scheme to reward employees based on their performance. It also provides training programs to employees to improve the standard of customer services and for their further advancement.

DISCLOSURE OF INTERESTS

At 30 September 2018, the interests of the directors of the Company in the share capital of the Company as recorded in the register maintained by the Company under section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

	Number of ordinary shares held					Percentage of
	Personal	*Family*	*Corporate*	*Trust*	*Total*	shareholding
Mr. Tang Yat Sun, Richard	7,528,500	Nil	#31,571,400	Nil	39,099,900	4.28%
Mr. Ho Hau Hay, Hamilton	Nil	Nil	*6,657,000	Nil	6,657,000	0.73%
Dr. Fung Yuk Bun, Patrick	Nil	Nil	Nil	^5,856,517	5,856,517	0.64%

These shares were held by Daily Moon Investments Limited ("Daily Moon"). As Mr. Tang has a 100% interest in Daily Moon, he is deemed to be interested in all these shares held by Daily Moon.

* These shares were held by Tak Hung (Holding) Co. Ltd. ("Tak Hung"). As Mr. Ho has a 40% interest in Tak Hung, he is deemed to be interested in all these shares held by Tak Hung.

^ These shares were ultimately held by Federal Trust Co. Ltd. as trustee of The Ng Yip Shing Trust, under which Dr. Fung is a beneficiary. Dr. Fung is deemed to be interested in all these shares held by The Ng Yip Shing Trust.

DISCLOSURE OF INTERESTS (Continued)

Save as disclosed above, at 30 September 2018, none of the directors or chief executive of the Company had any interests or short positions in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDER

At 30 September 2018, the following person (other than a director or chief executive of the Company) had interest in shares of the Company as recorded in the register of substantial shareholders required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Number of ordinary shares held	Nature of interest	Percentage of shareholding
Yeung Chi Shing Estates Limited	554,624,457	*Note*	60.70%

Note: 541,688,415 shares were beneficially owned by Yeung Chi Shing Estates Limited while 12,936,042 shares were of its corporate interest.

Save as disclosed above, at 30 September 2018, 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.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2018.

MODEL CODE

The Company has adopted a code of conduct regarding directors' securities transactions on the terms of the Model Code. Having made specific enquiry of all the directors of the Company, all of them had complied with the required standard set out in the Model Code regarding directors' securities transactions throughout the six months ended 30 September 2018.

CORPORATE GOVERNANCE PRACTICES

The Company had complied with all the code provisions of the Corporate Governance Code (the "Code") set out in appendix 14 to the Listing Rules throughout the six months ended 30 September 2018 except the deviations as explained below:

Code provision A.4.1

In respect of code provision A.4.1 of the Code, the non-executive directors of the Company were not appointed for a specific term, but each of them is subject to retirement by rotation at annual general meeting of the Company at least once every 3 years in accordance with the Articles of Association of the Company. The retiring directors shall be eligible for re-election.

Code provisions A.5.1 to A.5.4

In respect of code provisions A.5.1 to A.5.4 of the Code, the Company has not established a nomination committee. In view of the current structure of the Board of the Company and the business operations of the Group, the Board of the Company believes that it is not necessary to establish a nomination committee as it considers that all directors of the Company should be involved in performing the duties set out in such code provisions.

Code provision D.1.4

As far as code provision D.1.4 of the Code is concerned, the Company does not have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Board of the Company decides on the key terms and conditions of the appointment of the directors of the Company from time to time which are recorded in the relevant board minutes.

REVIEW BY AUDITOR AND AUDIT COMMITTEE

The unaudited interim condensed consolidated financial statements of the Company for the six months ended 30 September 2018 set out on pages 11 to 56 have been reviewed by BDO Limited, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants.

The audit committee of the Company has reviewed with the management of the Group the accounting policies and practices adopted by the Group, its system of risk management and internal control and financial reporting matters and these unaudited interim condensed consolidated financial statements for the six months ended 30 September 2018.

DISCLOSURE UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE

The financial information of the Group relating to the year ended 31 March 2018 included in this report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE BOARD OF DIRECTORS OF KING FOOK HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim condensed consolidated financial statements set out on pages 11 to 56 which comprise the condensed consolidated statement of financial position of King Fook Holdings Limited and its subsidiaries as of 30 September 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed consolidated financial statements"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors are responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

BDO Limited
Certified Public Accountants
Leung Tze Wai
Practising Certificate Number P06158

Hong Kong, 23 November 2018

For the six months ended 30 September 2018

	Note	**Unaudited Six months ended 30 September 2018 HK$'000**	2017 HK$'000
Revenue	6	**264,347**	225,299
Cost of sales		**(192,456)**	(164,578)
Gross profit		**71,891**	60,721
Other operating income		**1,655**	917
Distribution and selling costs		**(55,516)**	(56,639)
Administrative expenses		**(20,841)**	(16,950)
Other operating expenses		**(707)**	(773)
Operating loss		**(3,518)**	(12,724)
Finance costs	7	**(1,434)**	(1,851)
Loss before taxation	8	**(4,952)**	(14,575)
Taxation	10	**—**	—
Loss for the period		**(4,952)**	(14,575)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(911)**	407
Item that will not be reclassified to profit or loss:			
Change in fair value of investments at fair value through other comprehensive income		**46**	—
Other comprehensive income for the period, after tax		**(865)**	407
Total comprehensive income for the period		**(5,817)**	(14,168)
(Loss)/profit for the period attributable to:			
— Owners of the Company		**(4,955)**	(14,573)
— Non-controlling interests		**3**	(2)
		(4,952)	(14,575)
Total comprehensive income for the period attributable to:			
— Owners of the Company		**(5,820)**	(14,166)
— Non-controlling interests		**3**	(2)
		(5,817)	(14,168)
		HK cents	HK cents
Loss per share	12		
— Basic and diluted		**(0.5)**	(1.6)

Condensed Consolidated Statement of Financial Position

As at 30 September 2018

	Note	**Unaudited As at 30 September 2018 HK$'000**	Audited As at 31 March 2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*13*	**2,576**	3,094
Investment properties		**546**	562
Available-for-sale investments	*14*	**—**	805
Investments at fair value through other comprehensive income	*15*	**2,643**	—
Other asset	*16*	**356**	—
		6,121	4,461
Current assets			
Inventories		**476,501**	508,408
Debtors, deposits and prepayments	*17*	**42,350**	31,441
Investments at fair value through profit or loss	*18*	**2,444**	3,877
Cash and cash equivalents		**175,236**	199,582
		696,531	743,308
Total assets		**702,652**	747,769
Current liabilities			
Creditors, deposits received and other payables	*19*	**32,197**	28,632
Gold loan		**17,779**	19,805
Bank loans	*20*	**25,000**	68,000
		74,976	116,437
Net current assets		**621,555**	626,871
Total assets less current liabilities		**627,676**	631,332
Non-current liability			
Provision for long service payments		**76**	35
Net assets		**627,600**	631,297
CAPITAL AND RESERVES			
Share capital	*21*	**393,354**	393,354
Other reserves		**36,787**	35,504
Retained profits		**197,353**	202,336
Equity attributable to owners of the Company		**627,494**	631,194
Non-controlling interests		**106**	103
Total equity		**627,600**	631,297

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2018

	Equity attributable to owners of the Company						Non-controlling interests	Total
	Share capital HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Investments at fair value through other comprehensive income reserve HK$'000	Retained profits HK$'000	Total HK$'000	HK$'000	HK$'000
Unaudited For the six months ended 30 September 2018								
At 31 March 2018 as originally presented	**393,354**	**24,753**	**10,751**	**—**	**202,336**	**631,194**	**103**	**631,297**
Change in accounting policy (note 3)	**—**	**—**	**—**	**2,148**	**(28)**	**2,120**	**—**	**2,120**
At 1 April 2018	**393,354**	**24,753**	**10,751**	**2,148**	**202,308**	**633,314**	**103**	**633,417**
Loss for the period	**—**	**—**	**—**	**—**	**(4,955)**	**(4,955)**	**3**	**(4,952)**
Other comprehensive income:								
Exchange differences on translation of foreign operations	**—**	**—**	**(911)**	**—**	**—**	**(911)**	**—**	**(911)**
Change in fair value of investments at fair value through other comprehensive income	**—**	**—**	**—**	**46**	**—**	**46**	**—**	**46**
Other comprehensive income for the period	**—**	**—**	**(911)**	**46**	**—**	**(865)**	**—**	**(865)**
Total comprehensive income for the period	**—**	**—**	**(911)**	**46**	**(4,955)**	**(5,820)**	**3**	**(5,817)**
At 30 September 2018	**393,354**	**24,753**	**9,840**	**2,194**	**197,353**	**627,494**	**106**	**627,600**
Unaudited For the six months ended 30 September 2017								
At 1 April 2017	393,354	24,753	9,764	—	225,073	652,944	107	653,051
Loss for the period	—	—	—	—	(14,573)	(14,573)	(2)	(14,575)
Other comprehensive income:								
Exchange differences on translation of foreign operations	—	—	407	—	—	407	—	407
Total comprehensive income for the period	—	—	407	—	(14,573)	(14,166)	(2)	(14,168)
At 30 September 2017	393,354	24,753	10,171	—	210,500	638,778	105	638,883

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2018

	Note	Unaudited Six months ended 30 September 2018 HK$'000	2017 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating loss before working capital changes	*22(a)*	**(985)**	(2,734)
Decrease in inventories		**26,497**	25,101
(Increase)/decrease in debtors, deposits and prepayments		**(10,607)**	3,294
Increase in creditors, deposits received and other payables		**3,837**	3,069
Dividends received from investments at fair value through profit or loss		**109**	297
Change in investments at fair value through profit or loss		**851**	530
Interest received		**783**	214
Net cash generated from operating activities		**20,485**	29,771
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		**—**	35
Purchase of property, plant and equipment		**(7)**	(766)
Net cash used in investing activities		**(7)**	(731)
CASH FLOWS FROM FINANCING ACTIVITIES	*22(b)*		
Interest paid		**(1,776)**	(1,835)
Proceeds from bank loans		**10,000**	559
Repayment of bank loans		**(53,000)**	(559)
Net cash used in financing activities		**(44,776)**	(1,835)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(24,298)**	27,205
Cash and cash equivalents at the beginning of the period		**199,582**	107,158
Effect of foreign exchange rates changes, net		**(48)**	30
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**175,236**	134,393

1. GENERAL INFORMATION AND BASIS OF PREPARATION

King Fook Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in Hong Kong. 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 directors of the Company consider the ultimate holding company to be Yeung Chi Shing Estates Limited ("Yeung Chi Shing"), a company incorporated in Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are gold ornament, jewellery, watch and gift retailing, bullion trading and diamond wholesaling.

These unaudited interim condensed consolidated financial statements for the six months ended 30 September 2018 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. They have been prepared with the same accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 March 2018 (the "2018 Annual Financial Statements"), except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 April 2018. This is the first set of the Group's financial statements in which Hong Kong Financial Reporting Standard ("HKFRS") 9, *Financial Instruments*, and HKFRS 15, *Revenue from Contracts with Customers*, have been adopted. Details of any changes in accounting policies are set out in note 3.

1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

The preparation of unaudited interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2018 Annual Financial Statements except for the estimation on the expected credit losses ("ECLs") as set out in note 3.

These unaudited interim condensed consolidated financial statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated. These unaudited interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 Annual Financial Statements. These unaudited interim condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with HKFRSs and should be read in conjunction with the 2018 Annual Financial Statements.

These interim condensed consolidated financial statements are unaudited, but have been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA. BDO Limited's report on review of interim financial information to the Board of Directors (the "Board") is included on pages 9 to 10.

2. ADOPTION OF AMENDMENTS TO HKFRSs

In the current period, the Group has applied for the first time the following amendments to HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2018:

Amendments to HKAS 28	Investments in Associates and Joint Ventures
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRS 1	First-time Adoption of HKFRSs
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK (IFRIC) — Interpretation 22	Foreign Currency Transactions and Advance Considerations

Save as disclosed in the changes in accounting policies for HKFRS 9 and HKFRS 15 in note 3, the adoption of these amendments to HKFRSs has no significant impact on these unaudited interim condensed consolidated financial statements. The Group has not applied any new HKFRSs or amendments that is not yet effective for the current accounting period.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY

This note explains the impact of the adoption of HKFRS 9 and HKFRS 15 on these unaudited interim condensed consolidated financial statements and also discloses the new accounting policies that have been applied from 1 April 2018, where they are different to those applied in prior periods.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (Continued)

(a) HKFRS 9: *Financial Instruments* — Impact on the financial statements

As explained in note 3(b) below, HKFRS 9 was generally adopted without restating comparative financial information with the exception of certain aspects of hedge accounting. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognised in the opening balance on 1 April 2018.

The following tables show the adjustments of the Group recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments of the Group are explained in more detail below.

	At 31 March 2018 HK$'000	Reclassification HK$'000	Remeasurement HK$'000	At 1 April 2018 HK$'000
Non-current assets				
Available-for-sale investments (note)	449	(449)	—	**—**
Investments at fair value through other comprehensive income ("FVTOCI")	—	449	2,148	**2,597**
Equity				
Investments at FVTOCI reserve	—	—	2,148	**2,148**
Total equity	631,297	—	2,148	**633,445**

Note: A membership licence with carrying amount of HK$356,000 was reclassified from available-for-sale investments to other asset on 1 April 2018 (note 16).

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (Continued)

(b) HKFRS 9: *Financial Instruments* — Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39, *Financial Instruments: Recognition and Measurement*, that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 3(c) below. In accordance with the transitional provisions in HKFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated. Any adjustments to the carrying amounts of financial assets and financial liabilities at the date of transition are recognised in the opening retained profits of the current period.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (Continued)

(b) HKFRS 9: *Financial Instruments* — Impact of adoption (Continued)

Classification and measurement

On 1 April 2018 (the date of initial application of HKFRS 9 (the "DIA")), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets — 1 April 2018	*Note*	**Investments at FVTOCI HK$'000**	**Available-for-sale investments HK$'000**
Closing balance as at 31 March 2018 (note 3(a))		—	449
Reclassification from available-for-sale investments to investments at FVTOCI	*(i)*	449	(449)
Remeasurement of financial assets	*(ii)*	2,148	—
Opening balance as at 1 April 2018		2,597	—

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (Continued)

(b) HKFRS 9: *Financial Instruments* — Impact of adoption (Continued)

Classification and measurement (Continued)

The impact of these changes on the Group's equity is as follows:

	Note	**Effect on investments at FVTOCI reserve HK$'000**
Closing balance as at 31 March 2018		—
Remeasurement of financial assets	*(ii)*	2,148
Opening balance as at 1 April 2018		2,148

Notes:

(i) Reclassification from available-for-sale investments to investments at FVTOCI

As of 1 April 2018, certain investments in unlisted equity securities of HK$449,000 were reclassified from available-for-sale investments to investments at FVTOCI. These unlisted equity securities have no quoted price in active market. The Group intends to hold these equity securities for long term strategic purposes. Under HKFRS 9, the Group has designated these equity securities at the date of initial application as measured at FVTOCI.

(ii) Remeasurement of financial assets

Certain available-for-sale investments with carrying amounts of HK$449,000 as at 31 March 2018 were stated at cost less impairment in prior years. Those investments have been remeasured and stated at fair value amounted to HK$2,597,000, also were reclassified as investments at FVTOCI on 1 April 2018.

The fair value gains on remeasurement of investments at FVTOCI amounted to HK$2,148,000 were credited to investments at FVTOCI reserve of the Group on 1 April 2018. The fair value gains further increased by HK$46,000 during the six months ended 30 September 2018.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (Continued)

(c) HKFRS 9: *Financial Instruments* — Accounting policy applied from 1 April 2018

(i) Classification and measurement of financial instruments

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held-to-maturity financial assets, loans and receivables and available-for-sale investments. The adoption of HKFRS 9 has no significant impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade debtors (that the trade debtors do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised cost"); (ii) financial assets at FVTOCI; or (iii) financial assets at FVTPL. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (Continued)

(c) HKFRS 9: *Financial Instruments* — Accounting policy applied from 1 April 2018 (Continued)

(i) Classification and measurement of financial instruments (Continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVTOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (Continued)

(c) HKFRS 9: *Financial Instruments* — Accounting policy applied from 1 April 2018 (Continued)

(i) Classification and measurement of financial instruments (Continued)

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVTOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	Financial assets at FVTPL are subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (Continued)

(c) HKFRS 9: *Financial Instruments* — Accounting policy applied from 1 April 2018 (Continued)

(i) Classification and measurement of financial instruments (Continued)

FVTOCI (equity investments)	Equity investments at FVTOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 1 April 2018 under HKAS 39 HK$'000	Carrying amount as at 1 April 2018 under HKFRS 9 HK$'000
Unlisted equity securities	Available-for-sale investments (at cost less impairment)	FVTOCI	449	2,597
Listed equity securities	FVTPL	FVTPL	3,877	3,877
Trade debtors	Loans and receivables	Amortised cost	4,856	4,856
Other receivables	Loans and receivables	Amortised cost	5,751	5,751
Cash and cash equivalents	Loans and receivables	Amortised cost	199,582	199,582

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (Continued)

(c) HKFRS 9: *Financial Instruments* — Accounting policy applied from 1 April 2018 (Continued)

(i) Classification and measurement of financial instruments (Continued)

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch.

The directors of the Company have determined that the amount of change in fair value of gold loan, which is designated as financial liability at FVTPL, during the period and cumulatively, attributable to change in own credit risk was insignificant.

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "ECL model". HKFRS 9 requires the Group to recognise ECLs for trade debtors and financial assets at amortised cost earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (Continued)

(c) HKFRS 9: *Financial Instruments* — Accounting policy applied from 1 April 2018 (Continued)

(ii) Impairment of financial assets (Continued)

Under HKFRS 9, the loss allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the end of the reporting period; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade debtors using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, time value of money, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (Continued)

(c) HKFRS 9: *Financial Instruments* — Accounting policy applied from 1 April 2018 (Continued)

(ii) Impairment of financial assets (Continued)

Measurement of ECLs (Continued)

For financial assets at amortised cost, other than trade debtors, short term bank deposits, cash at banks and cash at financial institution, the ECLs are determined based on the 12 months ECLs. The 12 months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the end of the reporting period. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group's other receivables at amortised cost are considered to have low credit risk since there was no recent history of default of the debtor and it has good settlement record with the Group.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (Continued)

(c) HKFRS 9: *Financial Instruments* — Accounting policy applied from 1 April 2018 (Continued)

(ii) Impairment of financial assets (Continued)

Measurement of ECLs (Continued)

For short term bank deposits, cash at banks and cash at financial institution, the Group recognises a loss allowance equal to 12 months ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Impact of the ECL model

The Group has concluded that there is no material impact for the initial application of the new impairment requirements.

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (Continued)

(c) HKFRS 9: *Financial Instruments* — Accounting policy applied from 1 April 2018 (Continued)

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative financial information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognised in the consolidated statement of financial position on 1 April 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained profits and reserves as at 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the DIA:

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- The designation of certain investments in equity investments not held for trading as at FVTOCI.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (Continued)

(d) HKFRS 15: *Revenue from Contracts with Customers* — Impact of adoption

HKFRS 15 supersedes HKAS 11, *Construction Contracts*, HKAS 18, *Revenue*, and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained profits at the date of initial application (i.e. 1 April 2018). As a result, the financial information presented for the year ended 31 March 2018 has not been restated.

The following tables summarised the impact, net of tax, of transition to HKFRS 15 on the opening balances of retained profits as follows:

	HK$'000
Retained profits	
Variable considerations arising from right of return (note 3(d)(i))	(28)
Impact at 1 April 2018	(28)

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (Continued)

(d) HKFRS 15: *Revenue from Contracts with Customers* — Impact of adoption (Continued)

Note	Product/service	Nature of the goods or services, satisfaction of performance obligations and payment terms	Nature of change in accounting policy and impact on 1 April 2018 and for the six months ended 30 September 2018
(i)	Gold ornament, jewellery, watch and gift retailing, bullion trading and diamond wholesaling	Customers obtain control of the goods when the goods are delivered to and have been accepted. Revenue is thus recognised upon acceptance of the goods by the customers. There is generally only one performance obligation. Invoices are usually payable upon transfer of control of goods. Right of return Some of the Group's contracts with customers on sales of certain jewellery products provide a right of return (a right to exchange for another product) to customers. These rights of return allow the returned goods to be refunded in cash or exchanged other goods with equivalent values.	Right of return Under HKAS 18, revenue for these contracts was recognised when a reasonable estimate of the returns could be made, provided that all other revenue recognition criteria are met. If a reasonable estimate could not be made, such revenue would be deferred until the return period lapsed or a reasonable estimate could be made. Under HKFRS 15, right of return gives rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred. In addition, a refund liability and a right to recover returned goods asset are recognised. Impact As of 1 April 2018, an increase in refund liability of HK$82,000, an increase in right to recover returned goods asset of HK$54,000 and a decrease in retained profits of HK$28,000 were recognised. As of 30 September 2018, the refund liability decreased by HK$31,000 and right to recover returned goods asset decreased by HK$19,000. Accordingly, increase in revenue, increase in cost of sales and decrease in loss for the six months ended 30 September 2018 of HK$31,000, HK$19,000 and HK$12,000 were recognised respectively.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (Continued)

(d) HKFRS 15: *Revenue from Contracts with Customers* — Impact of adoption (Continued)

Note	Product/service	Nature of the goods or services, satisfaction of performance obligations and payment terms	Nature of change in accounting policy and impact on 1 April 2018 and for the six months ended 30 September 2018
(i)	Gold ornament, jewellery, watch and gift retailing, bullion trading and diamond wholesaling	Customer loyalty program The Group launches a customer loyalty program, which allows customers to redeem the award credits for gifts or cash coupons within a specified period of time.	Customer loyalty program Under HK (IFRIC) — Interpretation 13, *Customer Loyalty Programmes*, it requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. This is then recognised as revenue over the period that the award credits are redeemed. Under HKFRS 15, an option to acquire additional goods or services gives rise to a separate performance obligation if the option provides a material right that the customer would not receive without entering into that contract, resulting in allocation of transaction price to separate performance obligations and to recognise a contract liability for the performance obligations that will be satisfied in the future and revenue for the option when the award credits are utilised by customers for goods or services or when the option expires. Impact As of 1 April 2018, there is no significant impact on the Group's unaudited interim condensed consolidated financial statements. Amount of HK$337,000 previously recognised as deferred income as of 31 March 2018 was presented as contract liabilities since 1 April 2018. The contract liabilities further increased by HK$24,000 during the six months ended 30 September 2018.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (Continued)

(d) HKFRS 15: *Revenue from Contracts with Customers* — Impact of adoption (Continued)

Note	Product/service	Nature of the goods or services, satisfaction of performance obligations and payment terms	Nature of change in accounting policy and impact on 1 April 2018 and for the six months ended 30 September 2018
(i)	Gold ornament, jewellery, watch and gift retailing, bullion trading and diamond wholesaling		Deposits received from customers Under HKFRS 15, when a customer pays a non-refundable consideration to the Group, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a goods or service to the customer, the Group shall present the consideration received or receivable as a contract liability when the payment is made or the payment is due (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Impact Amount of HK$1,919,000 previously recognised as other payables and deposits received as of 31 March 2018 was presented as contract liabilities since 1 April 2018. These contract liabilities decreased to HK$1,830,000 as at 30 September 2018.
(ii)	Money exchange services	Revenue is recognised at a point in time as those services are provided. Invoices are issued upon money exchange services rendered.	Impact By considering the contract terms and performance obligation, there is no significant impact on the Group's unaudited interim condensed consolidated financial statements.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these unaudited interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2018 Annual Financial Statements, except for new significant judgements and key sources of estimation uncertainty related to the application of HKFRS 9 and HKFRS 15 as described in note 3 above.

5. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Group's top management including executive directors and chief executive for their decisions about resources allocation to the Group's business components and for their review of these components' performance. The business components in the internal financial information reported to the top management are determined according to the Group's major product and service lines.

Based on the above, the Group's top management determined that the Group has only one single reportable segment which is retailing, bullion trading and diamond wholesaling. Accordingly, no separate segment of analysis is presented.

No geographical information was presented as more than 90% of the Group's revenue is derived from activities in Hong Kong (place of domicile). Also, most of the Group's non-current assets are located in Hong Kong.

For the six months ended 30 September 2018, no revenue from a single customer accounted for 10% or more of the total revenue of the Group (for the six months ended 30 September 2017: Nil).

6. REVENUE

The Group is principally engaged in gold ornament, jewellery, watch and gift retailing, bullion trading and diamond wholesaling. Revenue of the Group recognised during the period comprised the following:

	Unaudited Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
Gold ornament, jewellery, watch and gift retailing	**259,505**	219,979
Bullion trading	**3,012**	4,926
Diamond wholesaling	**1,755**	300
Others	**75**	94
Total revenue	**264,347**	225,299

7. FINANCE COSTS

	Unaudited Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
Interest charges on:		
Financial liability at amortised cost:		
Bank loans	**1,035**	1,446
Financial liability at fair value through profit or loss:		
Gold loan	**399**	405
	1,434	1,851

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging and (crediting):

	Unaudited Six months ended 30 September 2018 HK$'000	2017 HK$'000
Auditors' remuneration	**380**	354
Cost of inventories sold, including	**194,666**	168,666
— provision for and write down of inventories to net realisable value	**4,503**	13,826
— reversal of provision for and write down of inventories to net realisable value*	**(1,903)**	(4,743)
Depreciation of property, plant and equipment	**487**	692
Depreciation of investment properties	**16**	16
Dividend income	**(109)**	(297)
Fair value change of investments at fair value through profit or loss	**570**	704
Foreign exchange differences, net	**101**	8
Interest income from financial assets at amortised cost	**(1,108)**	(214)
Loss on write off/disposal of property, plant and equipment	**36**	61
Operating lease charges in respect of properties	**32,576**	33,917
Operating lease charges in respect of furniture and fixtures	**299**	296
Outgoings in respect of investment properties	**43**	42
Provision for long service payments		
— provided against the account	**42**	—
— reversal of provision	**(1)**	(55)
Rental income on owned properties	**(402)**	(399)

* Reversal of provision for and write down of inventories to net realisable value mainly arose from inventories that were sold subsequently during the period.

9. EMPLOYEE BENEFIT EXPENSE

	Unaudited Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
Wages, salaries and other benefits	**25,090**	23,296
Pension costs — defined contribution retirement schemes	**1,115**	1,112
Provision for long service payments	**42**	—
Reversal of provision for long service payments	**(1)**	(55)
	26,246	24,353

Employee benefit expense as shown above includes directors' and chief executive's emoluments.

10. TAXATION

No Hong Kong profits tax and overseas profits tax has been provided as the Group has no estimated assessable profit for the period (for the six months ended 30 September 2017: Nil).

11. DIVIDEND

At a meeting held on 23 November 2018, the Board of the Company resolved not to declare an interim dividend for the year ending 31 March 2019 (for the year ended 31 March 2018: Nil).

12. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss for the period attributable to owners of the Company of HK$4,955,000 (for the six months ended 30 September 2017: HK$14,573,000) and the weighted average number of 913,650,465 (for the six months ended 30 September 2017: 913,650,465) ordinary shares in issue during the period.

Diluted loss per share and basic loss per share for each of the six months ended 30 September 2017 and 2018 respectively are the same as there were no dilutive potential ordinary shares during both periods.

13. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred capital expenditures of approximately HK$7,000 which mainly related to the purchases of furniture and equipment (for the six months ended 30 September 2017: HK$766,000 which mainly related to the purchases of leasehold improvements, and furniture and equipment).

14. AVAILABLE-FOR-SALE INVESTMENTS

	Unaudited As at 30 September 2018 HK$'000	Audited As at 31 March 2018 HK$'000
Unlisted equity securities, at cost less impairment	—	449
Membership licence, at cost	—	356
	—	805

The unlisted equity securities and membership licence were reclassified to investments at FVTOCI (note 15) and other asset (note 16) respectively at 1 April 2018.

15. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Unaudited As at 30 September 2018 HK$'000	Audited As at 31 March 2018 HK$'000
Unlisted equity securities	**2,643**	—

These investments in unlisted equity securities were reclassified from available-for-sale investments, at cost less impairment, of HK$449,000 at 1 April 2018 after the adoption of HKFRS 9 as detailed in notes 3(a) and (b). The fair values of these investments at 1 April 2018 and 30 September 2018 were determined by BMI Appraisals Limited ("BMI Appraisals"), an independent qualified valuer. Details of the fair value measurement are set out in note 25.

16. OTHER ASSET

	Unaudited As at 30 September 2018 HK$'000	Audited As at 31 March 2018 HK$'000
Membership licence, at cost	**356**	—

Membership licence is carried at cost less any impairment. It represented cost of membership at The Chinese Gold and Silver Exchange Society. It was reclassified from available-for-sale investments of HK$356,000 at 1 April 2018.

17. DEBTORS, DEPOSITS AND PREPAYMENTS

	Unaudited As at 30 September 2018 HK$'000	Audited As at 31 March 2018 HK$'000
Trade debtors	**2,924**	4,856
Other receivables	**8,389**	5,751
Deposits and prepayments	**31,037**	20,834
	42,350	31,441

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

	Unaudited As at 30 September 2018 HK$'000	Audited As at 31 March 2018 HK$'000
Within 30 days	**2,889**	4,801
31 — 90 days	**35**	55
	2,924	4,856

18. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	**Unaudited As at 30 September 2018 HK$'000**	Audited As at 31 March 2018 HK$'000
Equity securities	*(i)*		
Listed in Hong Kong		**1,070**	1,116
Listed outside Hong Kong		**—**	2,761
		1,070	3,877
Unlisted fund investment	*(ii)*	**1,374**	—
		2,444	3,877

Notes:

(i) The listed equity securities are measured at FVTPL.

Fair values of the listed equity securities have been determined by reference to their quoted bid prices at the end of the reporting period.

(ii) The unlisted fund investment is measured at FVTPL.

The unlisted fund investment will be matured on 7 December 2018 and there was no open market on this unlisted fund investment. The directors of the Company determined the fair value of this unlisted fund investment based on income approach.

Details of the fair value measurement are set out in note 25.

19. CREDITORS, DEPOSITS RECEIVED AND OTHER PAYABLES

	Unaudited As at 30 September 2018 HK$'000	Audited As at 31 March 2018 HK$'000
Trade payables	**13,118**	11,501
Other payables and accruals	**10,783**	10,489
Contract and refund liabilities	**2,242**	—
Deposits received and deferred income	**6,054**	6,642
	32,197	28,632

The ageing analysis of trade payables, based on the invoice date, was as follows:

	Unaudited As at 30 September 2018 HK$'000	Audited As at 31 March 2018 HK$'000
Within 30 days	**10,209**	8,475
31 — 90 days	**58**	25
More than 90 days	**2,851**	3,001
	13,118	11,501

20. BANK LOANS

	Unaudited **As at** **30 September** **2018** **HK$'000**	Audited As at 31 March 2018 HK$'000
Bank loans, unsecured	**25,000**	68,000

At the end of the reporting period, the bank loans are interest-bearing at variable rates ranging from 3.92% to 4.89% (at 31 March 2018: 3.25% to 4.36%) per annum, which were the effective interest rates and scheduled to be repaid within one year or on demand.

The carrying values of bank loans are considered to be a reasonable approximation of their fair values.

21. SHARE CAPITAL

	Unaudited **As at** **30 September** **2018** **HK$'000**	Audited As at 31 March 2018 HK$'000
Issued and fully paid: 913,650,465 (at 31 March 2018: 913,650,465) ordinary shares	**393,354**	393,354

22. NOTE TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of loss before taxation to operating loss before working capital changes is as follows:

	Unaudited Six months ended 30 September **2018** HK$'000	2017 HK$'000
Loss before taxation	**(4,952)**	(14,575)
Depreciation of property, plant and equipment	**487**	692
Depreciation of investment properties	**16**	16
Dividend income	**(109)**	(297)
Fair value change of investments at fair value through profit or loss	**570**	704
Interest expenses	**1,434**	1,851
Interest income	**(1,108)**	(214)
Loss on write off/disposal of property, plant and equipment	**36**	61
Provision for and write down of inventories to net realisable value	**4,503**	13,826
Provision for long service payments	**42**	—
Reversal of provision for and write down of inventories to net realisable value	**(1,903)**	(4,743)
Reversal of provision for long service payments	**(1)**	(55)
Operating loss before working capital changes	**(985)**	(2,734)

22. NOTE TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's condensed consolidated statement of cash flows as cash flows from financing activities.

	Bank loans HK$'000	Gold loan HK$'000	Interest payables HK$'000	Total HK$'000
As at 1 April 2018	**68,000**	**19,805**	**959**	**88,764**
Financing cash flows, net	**(43,000)**	**—**	**(1,776)**	**(44,776)**
Other changes:				
Interest expenses	**—**	**—**	**1,434**	**1,434**
Change in fair value of gold loan*	**—**	**(2,026)**	**—**	**(2,026)**
As at 30 September 2018	**25,000**	**17,779**	**617**	**43,396**

Interest payables are included in creditors, deposits received and other payables presented in the condensed consolidated statement of financial position.

* The change in fair value of gold loan was fully offset by the change in fair value of gold bullion held by the Group during the six months ended 30 September 2018 and was not separately recognised in profit or loss.

23. OPERATING LEASE COMMITMENTS

(a) Future operating lease payables

The Group leases a number of land and buildings and furniture and fixtures under operating leases arrangements, and the total future aggregate minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	Unaudited As at 30 September 2018			Audited As at 31 March 2018		
	Land and buildings HK$'000	**Furniture and fixtures HK$'000**	**Total HK$'000**	Land and buildings HK$'000	Furniture and fixtures HK$'000	Total HK$'000
Within one year	**60,282**	**267**	**60,549**	61,596	312	61,908
In the second to fifth years, inclusive	**44,140**	**—**	**44,140**	73,102	114	73,216
Over five years	**—**	**—**	**—**	450	—	450
	104,422	**267**	**104,689**	135,148	426	135,574

The above leases run for an initial period of 2 to 6 years (at 31 March 2018: 9.3 months to 6 years).

Certain leasing arrangements have been subject to contingent rent by reference to monthly turnover throughout the leasing periods. The minimum guaranteed rental has been used to calculate the above commitments.

23. OPERATING LEASE COMMITMENTS (Continued)

(b) Future operating lease receivables

The total future aggregate minimum lease receipts under non-cancellable operating leases in respect of investment properties are as follows:

	Unaudited As at 30 September 2018 HK$'000	Audited As at 31 March 2018 HK$'000
Within one year	**607**	597
In the second to fifth years, inclusive	**753**	40
	1,360	637

The Group leases out its investment properties under operating lease arrangements which run for an initial period of 1 to 3 years (at 31 March 2018: 1 to 2 years), with option to renew the lease term at expiry date.

24. RELATED PARTY TRANSACTIONS

In addition to the transactions disclosed elsewhere in these unaudited interim condensed consolidated financial statements, the Group had the following material transactions with related parties during the period:

		Unaudited Six months ended 30 September	
	Note	**2018 HK$'000**	2017 HK$'000
Operating lease rental on land and buildings paid to Stanwick Properties Limited	*(a)*	**5,666**	5,843
Operating lease rental on furniture and fixtures paid to Stanwick Properties Limited	*(a)*	**153**	153
Management fees and air-conditioning charges paid to Stanwick Properties Limited	*(a)*	**548**	548
Sale of goods to:	*(b)*		
Directors		**708**	17,155
Yeung Chi Shing		**76**	50

Notes:

(a) The operating lease rental, management fees and air-conditioning charges were paid to Stanwick Properties Limited ("Stanwick") for the office and shop premises occupied by the Group. Stanwick is a wholly owned subsidiary of Yeung Chi Shing, the ultimate holding company of the Group. Mr. Yeung Ka Shing, a director of the Company, is the son of Mr. Yeung Bing Kwong, Kenneth, who and his other family members control Yeung Chi Shing. These related party transactions were entered into on normal commercial terms.

24. RELATED PARTY TRANSACTIONS (Continued)

Notes: (Continued)

(b) It represents sale of gold ornament, jewellery, watch and fashion items net of sale discounts to both the directors and Yeung Chi Shing for the period. Discounts offered to directors is available generally to customers and the value of discounts given to Yeung Chi Shing is considered not material to the unaudited interim condensed consolidated financial statements.

(c) Compensation of key management personnel

The remuneration of directors (executive and non-executive) and other members of key management during the period was as follows:

	Unaudited Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**4,122**	2,805
Pension costs — defined contribution retirement schemes	**80**	111
	4,202	2,916

25. FAIR VALUE MEASUREMENTS

At the end of the reporting period, the financial assets and liability measured at fair value in the condensed consolidated statement of financial position are set out as follows:

	Note	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Unaudited					
As at 30 September 2018					
Financial asset at fair value through profit or loss					
Investments at fair value through profit or loss					
— Listed equity securities	*(i)*	**1,070**	**—**	**—**	**1,070**
— Unlisted fund investment	*(ii)*	**—**	**—**	**1,374**	**1,374**
		1,070	**—**	**1,374**	**2,444**
Financial asset at fair value through other comprehensive income					
Investments at fair value through other comprehensive income					
— Unlisted equity securities	*(ii)*	**—**	**—**	**2,643**	**2,643**
Financial liability at fair value through profit or loss					
Gold loan	*(i)*	**17,779**	**—**	**—**	**17,779**
Audited					
As at 31 March 2018					
Financial asset at fair value through profit or loss					
Investments at fair value through profit or loss					
— Listed equity securities	*(i)*	3,877	—	—	3,877
Financial liability at fair value through profit or loss					
Gold loan	*(i)*	19,805	—	—	19,805

25. FAIR VALUE MEASUREMENTS (Continued)

The Group followed HKFRS 13, *Fair Value Measurement*, which introduces a 3 level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The hierarchy groups financial assets and liabilities into 3 levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes:

(i) At the end of each reporting period, the listed equity securities and gold loan are measured subsequent to initial recognition at fair value, grouped into Level 1 based on the degree to which the fair value is observable. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

25. FAIR VALUE MEASUREMENTS (Continued)

Notes: (Continued)

(ii) At the end of each reporting period, the unlisted fund investment and unlisted equity securities are measured subsequent to initial recognition at fair value, grouped into Level 3 based on the degree to which the fair value is unobservable. The fair value measurements of unlisted fund investment and unlisted equity securities are determined by the directors of the Company and by a valuation performed by BMI Appraisals respectively.

Movement of financial assets grouped into Level 3 is as follows:

	Unaudited As at 30 September 2018		Audited
	Unlisted fund Investment	**Unlisted equity securities**	As at 31 March 2018
	HK$'000	**HK$'000**	HK$'000
At the beginning of period/year	**—**	**2,597**	—
Additions	**1,361**	**—**	—
Fair value change recognised in profit or loss	**13**	**—**	—
Fair value change recognised in other comprehensive income	**—**	**46**	—
At the end of period/year	**1,374**	**2,643**	—

25. FAIR VALUE MEASUREMENTS (Continued)

Notes: (Continued)

The valuations are determined based on the following significant unobservable inputs:

Financial assets	Valuation technique	Significant unobservable inputs	Range/value	Sensitivity of fair value to the input
Unlisted fund investment with carrying amount of HK$1,374,000 as at 30 September 2018 (at 1 April 2018: Nil)	Income approach	Expected rate of return	3.4%	The fair value of unlisted fund investment is determined with reference to expected rate of return. The fair value measurement is positively correlated to the expected rate of return. Had the expected rate of return increased by 1%, the fair value would have increased by HK$4,000. Had the expected rate of return decreased by 1%, the fair value would have decreased by HK$4,000.
Unlisted equity securities with carrying amounts of HK$92,000 and HK$150,000 as at 30 September 2018 and 1 April 2018 respectively	Market approach	Price-to-book multiple ("P/B multiple")	0.54 to 2.00	The fair values of unlisted equity securities are determined with reference to multiples of comparable listed companies, using the average of the P/B multiple of comparable. The fair value measurement is positively correlated to the P/B multiple. Had the highest P/B multiple among the comparable been used as at 30 September 2018, the fair value would have increased by HK$84,000. Had the lowest P/B multiple among the comparable been used as at 30 September 2018, the fair value would have decreased by HK$45,000.
		Discount for lack of marketability ("DLOM")	24.2%	The fair values of unlisted equity securities are also determined with reference to DLOM. The fair value measurement is negatively correlated to the DLOM. Had the DLOM decreased by 5% as at 30 September 2018, the fair value would have increased by HK$6,000. Had the DLOM increased by 5% as at 30 September 2018, the fair value would have decreased by HK$6,000.

25. FAIR VALUE MEASUREMENTS (Continued)

Notes: (Continued)

Financial assets	Valuation technique	Significant unobservable inputs	Range/value	Sensitivity of fair value to the input
Unlisted equity securities with carrying amounts of HK$2,482,000 and HK$2,378,000 as at 30 September 2018 and 1 April 2018 respectively	Market approach	Enterprise value-to-earnings before interest, taxes, depreciation and amortisation multiple ("EV/EBITDA multiple")	20.44 to 21.06	The fair values of unlisted equity securities are determined with reference to multiples of comparable listed companies, using the average of the EV/EBITDA multiple of comparable. The fair value measurement is positively correlated to the EV/EBITDA multiple. Had the highest EV/EBITDA multiple among the comparable been used as at 30 September 2018, the fair value would have increased by HK$30,000. Had the lowest EV/EBITDA multiple among the comparable been used as at 30 September 2018, the fair value would have decreased by HK$29,000.
		DLOM	24.2%	The fair values of unlisted equity securities are also determined with reference to DLOM. The fair value measurement is negatively correlated to the DLOM. Had the DLOM decreased by 5% as at 30 September 2018, the fair value would have increased by HK$164,000. Had the DLOM increased by 5% as at 30 September 2018, the fair value would have decreased by HK$164,000.

Unlisted equity securities with carrying amounts of HK$69,000 as at both 30 September 2018 and 1 April 2018 are determined with reference to the net asset value of the unlisted equity securities. BMI Appraisals determined that the reported net asset value represents the fair value of the unlisted equity securities.

There have been no transfers between levels in the reporting period.

26. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 23 November 2018.

By order of the Board
Tang Yat Sun, Richard
Chairman

Hong Kong, 23 November 2018

At the date of this report, the executive directors of the Company are Mr. Tang Yat Sun, Richard, Dr. Fung Yuk Bun, Patrick and Mr. Yeung Ka Shing; the non-executive director is Mr. Wong Wei Ping, Martin; and the independent non-executive directors are Mr. Cheng Kar Shing, Peter, Mr. Ho Hau Hay, Hamilton, Mr. Sin Nga Yan, Benedict and Mr. Cheng Kwok Shing, Anthony.