



king fook holdings limited  
景福集團有限公司

Stock Code: 280



for the six months ended 30th September, 2013  
Interim Report

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# Management Commentary

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The Board of Directors 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 (the “Group”) for the six months ended 30th September, 2013. The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the six months ended 30th September, 2013, and the consolidated balance sheet as at 30th September, 2013 of the Group, all of which are unaudited, along with selected explanatory notes, are set out on pages 9 to 34 of this report.

## **Interim dividend**

The Board of Directors has resolved not to declare an interim dividend for the year ending 31st March, 2014 (for the year ended 31st March, 2013: HK0.05 cent per ordinary share) to shareholders.

## **Business review and prospects**

During the period under review, the Group had applied for cessation of its securities broking business (the “Discontinued Operation”) with effect from 31st July, 2013 in view of the losses suffered by this business and the increasingly keen competition in the industry. As consumer sentiment and spending, especially for luxury items, slowed down and competition was keen in the retail market, the Group launched various marketing activities and promotional events during the period to attract sales which in return had resulted in lower gross profit margin. As a result, the overall turnover of the Group’s continuing operations for the period increased by 2% as compared with the same period last year. Moreover, the Group endeavoured to consolidate the floor areas of its retail shops at The Windsor House (Causeway Bay), The One (Tsimshatsui) and Central Building (Central) to minimise operating expenses. The Group’s unaudited consolidated loss attributable to the shareholders of the Company for the period from the continuing operations and the Discontinued Operation were about HK\$74,559,000 and HK\$3,648,000 respectively, as compared with consolidated profit of HK\$7,866,000 and consolidated loss of HK\$3,542,000 respectively for the same period last year.

# Management Commentary (Continued)

## **Business review and prospects** (Continued)

Looking ahead, the management expects that the global economic environment will continue to be challenging in the latter half of the year. As generally the overall turnover of the Group will increase during the Christmas and Chinese New Year seasons and the rental expenses will be trimmed down upon expiry of the tenancies of the retail shops mentioned above in 2013, the management expects that the Group's results for the latter half of the year will be much improved. The management will continue to take stringent cost control measures and closely monitor changes in the market condition and operating environment. The management will also maintain the policy to streamline operations and optimise internal resources in order to achieve a higher degree of cost-efficiency for better results.

## **Investments**

At 30th September, 2013, the Group held certain equity securities listed outside Hong Kong amounting to HK\$4,202,000 under available-for-sale investments.

## **Finance**

At 30th September, 2013, the Group's current assets and current liabilities were about HK\$1,258,814,000 and HK\$380,035,000 respectively. There were cash and cash equivalents of about HK\$89,434,000, bank loans of about HK\$264,500,000 and unsecured gold loans of about HK\$25,756,000.

Based on the total borrowings of the Group of about HK\$290,256,000 and the capital and reserves attributable to the shareholders of the Company of about HK\$910,550,000 as at 30th September, 2013, the overall borrowings to equity ratio was 32%, which was at a healthy level.

The Group reviews its foreign currency exposure regularly and does not consider its foreign currency risk to be significant.

## **Employees**

At 30th September, 2013, the Group had about 327 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 the employees based on their performance. It also provides training programs to employees to improve the standard of customer services and further advancement.

# Management Commentary (Continued)

## Directors' interests

At 30th September, 2013, the interests of the directors and chief executive 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 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			Total	Percentage of shareholding
	Personal	Family	Corporate		
Mr. Tang Yat Sun, Richard	5,377,500	Nil	<sup>#</sup> 22,551,000	27,928,500	4.28%
Mr. Cheng Ka On, Dominic	2,622,000	Nil	Nil	2,622,000	0.40%
Mr. Ho Hau Hay, Hamilton	Nil	Nil	<sup>*</sup> 4,755,000	4,755,000	0.73%

# These shares are held by Daily Moon Investments Limited ("Daily Moon") in which Mr. Tang has a 100% interest. Mr. Tang is deemed to be interested in all these shares held by Daily Moon.

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

Save as disclosed above, as at 30th September, 2013, 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.

# Management Commentary (Continued)

## Substantial shareholders

At 30th September, 2013, the following persons (other than a director or chief executive of the Company) had interest in the share capital of the Company as recorded in the register of substantial shareholders required to be kept by the Company under Section 336 of the SFO:

<b>Name of shareholder</b>	<b>Number of ordinary shares held</b>	<b>Nature of interest</b>	<b>Percentage of shareholding</b>
Yeung Chi Shing Estates Limited	313,127,784	<i>Note 1</i>	47.98%
Yeung Wing Yan ( <i>Note 2</i> )	26,868,000		6.17%

Notes: 1. 303,887,754 shares are beneficially owned by Yeung Chi Shing Estates Limited while 9,240,030 shares are of its corporate interest.

2. This information was given in the latest notice given by Yeung Wing Yan to the Company pursuant to the SFO (which was before completion of the rights issue of the Company on 28th June, 2013).

Save as disclosed above, as at 30th September, 2013, 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 30th September, 2013.

## Share option scheme

On 27th August, 2004, the Company adopted a share option scheme (the "Scheme") under which the Board of Directors may grant options to eligible persons, including directors, employees or consultants of the Group, to subscribe for shares of the Company.

The Company has not granted any option under the Scheme since its adoption.

## 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 period.

# Management Commentary (Continued)

## **Corporate Governance Code**

The Company has complied with all the code provisions of the Corporate Governance Code (the “Code”) as set out in Appendix 14 to the Listing Rules throughout the period, with deviations as explained below:

### ***Code provision A.4.1***

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 meetings of the Company at least once every three years in accordance with the Articles of Association of the Company.

### ***Code provisions A.5.1 to A.5.4***

The Company has not established a nomination committee. In view of the current structure of the board of directors of the Company (the “Board”) and the business operations of the Group, the Board 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***

Except for Mr. Yeung Ping Leung, Howard, the Company does not have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Board decides on the key terms and conditions of the appointment of the directors of the Company from time to time and 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 30th September, 2013 set out on pages 9 to 34 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 internal control and financial reporting matters and these unaudited interim condensed consolidated financial statements for the six months ended 30th September, 2013.

# Independent Auditor's Review Report



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## **TO THE BOARD OF DIRECTORS OF KING FOOK HOLDINGS LIMITED**

*(incorporated in Hong Kong with limited liability)*

### **Introduction**

We have reviewed the unaudited interim condensed consolidated financial statements set out on pages 9 to 34 which comprise the consolidated balance sheet of King Fook Holdings Limited as of 30th September, 2013 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the unaudited interim condensed consolidated financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the unaudited interim condensed consolidated financial statements in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion on these unaudited interim condensed consolidated financial statements based on our review and to report our conclusion 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 Hong Kong Institute of Certified Public Accountants. A review of unaudited interim condensed consolidated financial statements 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.

BDO Limited

香港立信德豪會計師事務所有限公司

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# Independent Auditor's Review Report (Continued)

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## **Conclusion**

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

## **BDO Limited**

*Certified Public Accountants*

Li Wing Yin

Practising Certificate Number P05035

Hong Kong, 29th November, 2013

# Consolidated Income Statement

For the six months ended 30th September, 2013

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30th September,</b>	
		<b>2013</b>	<b>2012</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
			(Re-presented)
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	4	<b>554,331</b>	553,161
Cost of sales		<b>(422,693)</b>	(401,469)
<b>Gross profit</b>		<b>131,638</b>	151,692
Other operating income		<b>2,825</b>	76,331
Distribution and selling costs		<b>(166,602)</b>	(165,439)
Administrative expenses		<b>(38,252)</b>	(38,644)
Other operating expenses		<b>(73)</b>	(12,494)
<b>Operating (loss)/profit</b>		<b>(70,464)</b>	11,446
Finance costs	5	<b>(4,083)</b>	(4,598)
<b>(Loss)/profit before taxation</b>	6	<b>(74,547)</b>	6,848
Taxation	8	<b>(14)</b>	(10)
<b>(Loss)/profit for the period from continuing operations</b>		<b>(74,561)</b>	6,838
<b>DISCONTINUED OPERATION</b>			
Loss for the period from discontinued operation	9	<b>(3,648)</b>	(3,542)
<b>(Loss)/profit for the period</b>		<b>(78,209)</b>	3,296
<b>(Loss)/profit for the period attributable to:</b>			
Shareholders of the Company			
Continuing operations		<b>(74,559)</b>	7,866
Discontinued operation		<b>(3,648)</b>	(3,542)
		<b>(78,207)</b>	4,324
Minority interests		<b>(2)</b>	(1,028)
		<b>(78,209)</b>	3,296
<b>(Losses)/earnings per share for (loss)/profit attributable to the shareholders of the Company for the period</b>			
	11		(Restated)
- Basic and diluted (HK cents)			
Continuing and discontinued operations		<b>(14.2) cents</b>	1.0 cent
Continuing operations		<b>(13.5) cents</b>	1.8 cents

# Consolidated Statement of Comprehensive Income

For the six months ended 30th September, 2013

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30th September,</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
<b>(Loss)/profit for the period</b>	<b>(78,209)</b>	3,296
<b>Other comprehensive income</b>		
<b><i>Items that may be reclassified subsequently to profit or loss:</i></b>		
Change in fair value of available-for-sale investments	<b>1,096</b>	(17,339)
Reclassification adjustment upon disposal of available-for-sale investments	—	(72,702)
Reclassification adjustment upon impairment loss of available-for-sale investments	—	4,312
Exchange translation differences	<b>220</b>	(1,389)
<b>Other comprehensive income for the period</b>	<b>1,316</b>	(87,118)
<b>Total comprehensive income for the period</b>	<b>(76,893)</b>	(83,822)
<b>Total comprehensive income for the period attributable to:</b>		
Shareholders of the Company	<b>(76,891)</b>	(82,794)
Minority interests	<b>(2)</b>	(1,028)
	<b>(76,893)</b>	(83,822)

# Consolidated Balance Sheet

As at 30th September, 2013

	Unaudited As at 30th September, 2013 HK\$'000	Audited As at 31st March, 2013 HK\$'000
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Property, plant and equipment	12 24,356	33,378
Investment properties	708	724
Available-for-sale investments	13 5,154	4,058
Other assets	2,196	2,196
	32,414	40,356
<b>Current assets</b>		
Inventories	1,044,896	1,036,757
Debtors, deposits and prepayments	14 108,133	128,565
Investments at fair value through profit or loss	13,338	12,830
Tax recoverable	2,857	2,857
Trust bank balances held on behalf of clients	156	1,040
Cash and cash equivalents	89,434	74,176
	1,258,814	1,256,225
<b>Current liabilities</b>		
Creditors, deposits received, accruals and deferred income	15 89,772	110,439
Tax payable	7	5
Gold loans, unsecured	25,756	30,533
Bank loans	16 264,500	198,500
	380,035	339,477
<b>Net current assets</b>	878,779	916,748
<b>Total assets less current liabilities</b>	911,193	957,104
<b>Non-current liabilities</b>		
Bank loans	16 —	84,000
Provision for long service payments	503	199
	503	84,199
<b>Net assets</b>	910,690	872,905
<b>CAPITAL AND RESERVES</b>		
<b>Capital and reserves attributable to the shareholders of the Company</b>		
Share capital	17 163,152	108,768
Other reserves	114,893	53,283
Retained profits	632,505	710,712
	910,550	872,763
<b>Minority interests</b>	140	142
	910,690	872,905

# Consolidated Statement of Changes in Equity

For the six months ended 30th September, 2013

	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
<b>For the six months ended 30th September, 2013</b>									
At 1st April, 2013 (audited)	108,768	17,575	24,753	10,955	—	710,712	872,763	142	872,905
Shares issued under rights issue (note 17(ii))	54,384	65,261	—	—	—	—	119,645	—	119,645
Shares issue expenses (note 17(ii))	—	(4,967)	—	—	—	—	(4,967)	—	(4,967)
Transactions with shareholders	54,384	60,294	—	—	—	—	114,678	—	114,678
Loss for the period	—	—	—	—	—	(78,207)	(78,207)	(2)	(78,209)
Other comprehensive income:									
Change in fair value of available-for-sale investments	—	—	—	—	1,096	—	1,096	—	1,096
Exchange translation differences	—	—	—	220	—	—	220	—	220
Total comprehensive income for the period	—	—	—	220	1,096	(78,207)	(76,891)	(2)	(76,893)
<b>At 30th September, 2013 (unaudited)</b>	<b>163,152</b>	<b>77,869</b>	<b>24,753</b>	<b>11,175</b>	<b>1,096</b>	<b>632,505</b>	<b>910,550</b>	<b>140</b>	<b>910,690</b>
<b>For the six months ended 30th September, 2012</b>									
At 1st April, 2012 (audited)	108,768	17,575	24,753	11,900	85,729	666,511	915,236	(1,430)	913,806
2012 final dividend paid (note 10(b))	—	—	—	—	—	(3,046)	(3,046)	—	(3,046)
Transactions with shareholders	—	—	—	—	—	(3,046)	(3,046)	—	(3,046)
Profit/(loss) for the period	—	—	—	—	—	4,324	4,324	(1,028)	3,296
Other comprehensive income:									
Change in fair value of available-for-sale investments	—	—	—	—	(17,339)	—	(17,339)	—	(17,339)
Reclassification adjustment upon disposal of available-for-sale investments	—	—	—	—	(72,702)	—	(72,702)	—	(72,702)
Reclassification adjustment upon impairment loss of available-for-sale investments	—	—	—	—	4,312	—	4,312	—	4,312
Exchange translation differences	—	—	—	(1,389)	—	—	(1,389)	—	(1,389)
Total comprehensive income for the period	—	—	—	(1,389)	(85,729)	4,324	(82,794)	(1,028)	(83,822)
At 30th September, 2012 (unaudited)	108,768	17,575	24,753	10,511	—	667,789	829,396	(2,458)	826,938
Representing:									
Proposed interim dividend (note 10(a))						218			
Others						667,571			
Retained profits as at 30th September, 2012						<u>667,789</u>			

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30th September, 2013

	Unaudited	
	Six months ended	
	30th September,	
	2013	2012
	HK\$'000	HK\$'000
Net cash used in operating activities	<b>(76,950)</b>	(109,464)
Net cash (used in)/generated from investing activities	<b>(427)</b>	59,033
Net cash generated from financing activities	<b>92,459</b>	52,485
Net increase in cash and cash equivalents	<b>15,082</b>	2,054
Cash and cash equivalents at the beginning of the period	<b>74,176</b>	46,852
Effect of foreign exchange rate changes, net	<b>176</b>	(1,376)
Cash and cash equivalents at the end of the period	<b>89,434</b>	47,530

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

For the six months ended 30th September, 2013

## 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 Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are engaged in gold ornament, jewellery, watch, fashion and gift retailing, bullion trading, diamond wholesaling, securities broking and provision of construction services.

During the period, the Group had ceased its operation of securities broking, after sluggish transaction volumes and sustained losses incurred. This business segment is presented as discontinued operation in accordance with Hong Kong Financial Reporting Standard (“HKFRS”) 5, *Non-current Assets Held for Sale and Discontinued Operations*, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Certain comparatives on the consolidated income statement and the related notes have been re-presented as a result of the retrospective application of HKFRS 5. Details of the discontinued operation are set out in note 9.

Other than the discontinued operation described above, there had been no significant changes in the Group’s operations during the period.

These unaudited interim condensed consolidated financial statements for the six months ended 30th September, 2013 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim Financial Reporting*, issued by the HKICPA and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange. They have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31st March, 2013, except for the adoption of the new/revised HKFRSs (which include individual HKFRSs, HKASs and Interpretations) as disclosed in note 2 below. These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31st March, 2013.

These unaudited interim condensed consolidated financial statements 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.

**2. ADOPTION OF NEW/REVISED 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 financial statements for the annual financial period beginning on 1st April, 2013:

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 13	Fair Value Measurement

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

**3. 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 general manager 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. The Group has identified the following operating segments:

- (i) Retailing, bullion trading and diamond wholesaling in Hong Kong
- (ii) Retailing in the People's Republic of China
- (iii) Securities broking
- (iv) Construction services
- (v) Provision of travel related products and services



For the six months ended 30th September, 2013

### 3. SEGMENT INFORMATION (Continued)

Each of these operating segments is managed separately as each of these product and service lines requires different resources as well as marketing approaches. Since (ii) and (v) individually do not meet the quantitative thresholds to be separately reported, (ii) is aggregated with (i) because they have similar economic characteristics and (v) is reported under "All others". Although (iii) and (iv) also do not meet the quantitative thresholds, they are separately presented as they are the major business lines of the Group. Reportable segments are as follows:

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

Under HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the top management. The top management assesses segment profit or loss using a measure of operating profit. The measurement policies the Group uses for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements except as noted below.

Reportable segment assets and liabilities are all assets and liabilities excluding investments in securities, tax recoverable and payable and corporate assets and liabilities as they are not included in the internal management reporting information reviewed by the top management. Segment result excludes corporate income and expenses, and income and expenses arising from investments in securities and income tax.

Corporate income and expenses mainly include management fee income and expense, interest income and expense, employee benefit expense and operating lease charge of the Company and investment holding companies. Corporate assets and liabilities mainly include property, plant and equipment, cash and cash equivalents and accrued expenses of the Company and investment holding companies.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th September, 2013

## 3. SEGMENT INFORMATION (Continued)

	Continuing operations				Discontinued operation		
	Retailing, bullion trading and diamond wholesaling HK\$'000	Construction services HK\$'000	All others HK\$'000	Inter-segment elimination HK\$'000	Sub-total HK\$'000	Securities broking HK\$'000	Total HK\$'000
<b>Unaudited</b>							
<b>For the six months ended</b>							
<b>30th September, 2013</b>							
Revenue							
From external customers	549,400	1,433	3,498	—	554,331	913	555,244
Inter-segment sales	—	—	1	(1)	—	—	—
Reportable segment revenue	<u>549,400</u>	<u>1,433</u>	<u>3,499</u>	<u>(1)</u>	<u>554,331</u>	<u>913</u>	<u>555,244</u>
Interest income	56	—	—	—	56	21	77
Finance costs	(7,532)	(563)	—	—	(8,095)	—	(8,095)
Depreciation	(9,228)	—	(16)	—	(9,244)	(2)	(9,246)
Provision for and write down of inventories to net realisable value	<u>(6,709)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(6,709)</u>	<u>—</u>	<u>(6,709)</u>
Reportable segment results	<u>(70,601)</u>	<u>(4,346)</u>	<u>(92)</u>	<u>—</u>	<u>(75,039)</u>	<u>(3,648)</u>	<u>(78,687)</u>
Corporate income					32,439		32,439
Corporate expenses					(32,548)		(32,548)
Dividend income					139		139
Fair value change of investments at fair value through profit or loss					462		462
Loss before taxation					<u>(74,547)</u>		<u>(78,195)</u>
<b>Unaudited</b>							
<b>At 30th September, 2013</b>							
Reportable segment assets	1,184,697	7,327	6,635	—	1,198,659	12,345	1,211,004
Corporate assets							58,875
Available-for-sale investments							5,154
Investments at fair value through profit or loss							13,338
Tax recoverable							2,857
Total assets per consolidated balance sheet							<u>1,291,228</u>
Reportable segment liabilities	99,892	4,261	5,809	—	109,962	737	110,699
Corporate liabilities							5,332
Bank loans							264,500
Tax payable							7
Total liabilities per consolidated balance sheet							<u>380,538</u>

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th September, 2013

## 3. SEGMENT INFORMATION (Continued)

	Continuing operations					Discontinued operation	
	Retailing, billion trading and diamond wholesaling HK\$'000	Construction services HK\$'000	All others HK\$'000	Inter-segment elimination HK\$'000	Sub-total HK\$'000	Securities broking HK\$'000	Total HK\$'000
Unaudited							
For the six months ended 30th September, 2012							
Revenue							
From external customers	539,458	8,746	4,957	—	553,161	1,048	554,209
Inter-segment sales	—	205	1	(206)	—	—	—
Reportable segment revenue	<u>539,458</u>	<u>8,951</u>	<u>4,958</u>	<u>(206)</u>	<u>553,161</u>	<u>1,048</u>	<u>554,209</u>
Interest income	61	2	—	—	63	34	97
Finance costs	(8,918)	(516)	—	—	(9,434)	—	(9,434)
Depreciation	(10,114)	(320)	(20)	—	(10,454)	(119)	(10,573)
Provision for and write down of inventories to net realisable value	(3,677)	—	—	—	(3,677)	—	(3,677)
Provision for impairment losses of other receivables	(6,508)	(240)	—	—	(6,748)	—	(6,748)
Reportable segment results	<u>(55,386)</u>	<u>(9,931)</u>	<u>965</u>	<u>—</u>	<u>(64,352)</u>	<u>(3,542)</u>	<u>(67,894)</u>
Corporate income					33,418		33,418
Corporate expenses					(30,367)		(30,367)
Dividend income					1,621		1,621
Gain on disposal of available-for-sale investments					72,702		72,702
Fair value change of investments at fair value through profit or loss					(1,862)		(1,862)
Provision for impairment loss of available-for-sale investments					(4,312)		(4,312)
Profit before taxation					<u>6,848</u>		<u>3,306</u>
Audited							
At 31st March, 2013							
Reportable segment assets	1,189,079	12,752	8,038	—	1,209,869	19,915	1,229,784
Corporate assets							47,052
Available-for-sale investments							4,058
Investments at fair value through profit or loss							12,830
Tax recoverable							2,857
Total assets per consolidated balance sheet							<u>1,296,581</u>
Reportable segment liabilities	107,163	8,852	7,174	—	123,189	6,845	130,034
Corporate liabilities							11,137
Bank loans							282,500
Tax payable							5
Total liabilities per consolidated balance sheet							<u>423,676</u>

**3. SEGMENT INFORMATION** (Continued)

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

The Group did not have a concentration of reliance on any single customer under each of the segments.

**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 period comprised the following:

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30th September,</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
		(Re-presented)
	<u>                    </u>	<u>                    </u>
<b>CONTINUING OPERATIONS</b>		
<b>Turnover</b>		
Gold ornament, jewellery, watch, fashion and gift retailing	<b>534,173</b>	528,535
Bullion trading	<b>12,626</b>	8,127
Diamond wholesaling	<b>2,601</b>	2,796
	<u><b>549,400</b></u>	<u>539,458</u>
	-----	-----
<b>Other revenue</b>		
Revenue on construction contracts	<b>1,433</b>	8,746
Income from provision of travel related products and services	<b>3,498</b>	4,957
	<u><b>4,931</b></u>	<u>13,703</u>
	-----	-----
	<b>554,331</b>	553,161
<b>DISCONTINUED OPERATION</b>		
<b>Turnover</b>		
Commission from securities broking	<b>913</b>	1,048
	<u><b>555,244</b></u>	<u>554,209</u>
	=====	=====
Total revenue		

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th September, 2013

## 5. FINANCE COSTS

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30th September,</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
	(Re-presented)	
	<u>                    </u>	<u>                    </u>
<b>Continuing operations</b>		
Interest charges on:		
Financial liabilities at amortised cost, bank and other loans and overdrafts wholly repayable within five years	<b>3,719</b>	4,169
Financial liabilities at fair value through profit or loss, gold loans wholly repayable within five years	<b>364</b>	429
	<u><b>4,083</b></u>	<u>4,598</u>

**6. (LOSS)/PROFIT BEFORE TAXATION**

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

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30th September,</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
	(Re-presented)	
	<u>                    </u>	<u>                    </u>
<b>Continuing operations</b>		
Charging:		
Cost of inventories sold, including	<b>424,880</b>	405,726
- provision for and write down of		
inventories to net realisable value	<b>6,709</b>	3,677
- reversal of provision for and write down		
of inventories to net realisable value	<b>(1,672)</b>	(4,510)
Depreciation of property, plant and		
equipment	<b>9,674</b>	10,923
Depreciation of investment properties	<b>16</b>	16
Fair value change of investments at		
fair value through profit or loss	—	1,862
Loss on write off/disposal of property,		
plant and equipment	<b>8</b>	—
Operating lease charges in respect of		
properties	<b>107,186</b>	107,545
Operating lease charges in respect of		
furniture and fixtures	<b>321</b>	321
Outgoings in respect of investment properties	<b>36</b>	30
Provision for impairment loss of		
available-for-sale investments	—	4,312
Provision for impairment losses of debtors		
- provided against allowance account	—	148
- reversal of provision	—	(576)
Provision for impairment losses of		
other receivables		
- provided against allowance account	—	6,748
Provision for long service payments		
- provided against the account	<b>337</b>	65
- reversal of provision	<b>(9)</b>	(57)
Write off of debtors	<b>65</b>	—
	<u>                    </u>	<u>                    </u>

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th September, 2013

## 6. (LOSS)/PROFIT BEFORE TAXATION (Continued)

	<b>Unaudited Six months ended 30th September, 2013 HK\$'000</b>	<b>2012 HK\$'000 (Re-presented)</b>
Crediting:		
Dividend income	<b>139</b>	1,621
Fair value change of investments at fair value through profit or loss	<b>462</b>	—
Foreign exchange gain, net	<b>168</b>	899
Gain on disposal of available-for-sale investments	—	72,702
Gain on disposal of property, plant and equipment	—	5
Interest income from financial assets at amortised cost	<b>169</b>	175
Rental income		
- owned properties	<b>305</b>	287
- operating sub-leases	<b>6</b>	37
Reversal of provision for impairment losses of debtors	<b>40</b>	—

The reversal of provision for and write down of inventories to net realisable value arose from inventories that were sold subsequently.

## 7. EMPLOYEE BENEFIT EXPENSE

	<b>Unaudited Six months ended 30th September, 2013 HK\$'000</b>	<b>2012 HK\$'000 (Re-presented)</b>
<b>Continuing operations</b>		
Wages, salaries and other benefits	<b>48,638</b>	48,165
Pension costs - defined contribution retirement schemes	<b>2,343</b>	2,344
Provision for long service payments	<b>337</b>	65
Reversal of provision for long service payments	<b>(9)</b>	(57)
	<b>51,309</b>	50,517

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

**8. TAXATION**

No Hong Kong profits tax has been provided as the Group has no estimated assessable profit for the period (six months ended 30th September, 2012: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the jurisdictions in which the Group operates.

The amount of taxation charged to the consolidated income statement represents:

	<b>Unaudited Six months ended 30th September, 2013</b>		2012
	<b>HK\$'000</b>	<b>HK\$'000</b>	HK\$'000
<b>Continuing operations</b>			
Current tax			
- Overseas			
Current period	<b>14</b>	<b>10</b>	

**9. DISCONTINUED OPERATION**

By the end of July 2013, the business of securities broking operated by two subsidiaries of the Company, King Fook Securities Company Limited and King Fook Commodities Company Limited, had been ceased as mentioned in note 1. This business segment is presented as discontinued operation in accordance with HKFRS 5 accordingly.

The results of the securities broking segment were as follows:

	<b>Unaudited Six months ended 30th September, 2013</b>		2012
	<b>HK\$'000</b>	<b>HK\$'000</b>	HK\$'000
			(Re-presented)
Income	<b>1,084</b>	1,227	
Expenses	<b>(4,732)</b>	(4,769)	
Loss before taxation	<b>(3,648)</b>	(3,542)	
Taxation	<b>—</b>	—	
Loss for the period	<b>(3,648)</b>	(3,542)	



# Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th September, 2013

## 9. DISCONTINUED OPERATION (Continued)

The cash flows of the securities broking segment were as follows:

	<b>Unaudited Six months ended 30th September, 2013</b>		2012
	<b>HK\$'000</b>	HK\$'000	(Re-presented)
Operating cash flows	<b>(628)</b>	17,986	
Investing cash flows	<b>(11)</b>	(186)	
Total cash flows	<b>(639)</b>	17,800	

Loss of the securities broking segment for the period is arrived after charging and (crediting):

	<b>Unaudited Six months ended 30th September, 2013</b>		2012
	<b>HK\$'000</b>	HK\$'000	(Re-presented)
Depreciation of property, plant and equipment	<b>2</b>	119	
Employee benefit expenses (including directors' and chief executive's emoluments and pension costs of defined contribution retirement schemes)	<b>1,440</b>	1,923	
Interest income from financial assets at amortised cost	<b>(21)</b>	(34)	
Loss on write off/disposal of property, plant and equipment	<b>—</b>	57	
Operating lease charges in respect of properties	<b>497</b>	556	
Operating lease charges in respect of furniture and fixtures	<b>4</b>	4	

## 10. DIVIDEND

### (a) Dividend attributable to the period

	<b>Unaudited Six months ended 30th September, 2013</b>		2012
	<b>HK\$'000</b>	HK\$'000	
No Interim dividend declared for the interim period (note (ii)) (2012: HK0.05 cent per ordinary share (note (i)))	<b>—</b>	218	

**10. DIVIDEND** (Continued)**(a) Dividend attributable to the period** (Continued)

Notes:

- (i) At a meeting held on 23rd November, 2012, the Board of Directors declared an interim dividend of HK0.05 cent per ordinary share for the year ended 31st March, 2013. This interim dividend was paid on 8th January, 2013 and was reflected as an appropriation of retained profits for the year ended 31st March, 2013.
- (ii) At a meeting held on 29th November, 2013, the Board of Directors resolved not to declare an interim dividend for the year ending 31st March, 2014.

**(b) Dividend attributable to the previous financial year**

	<b>Unaudited Six months ended 30th September,</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
No final dividend for 2013 (2012: final dividend of HK0.7 cent per ordinary share)	<u>—</u>	<u>3,046</u>

**11. (LOSSES)/EARNINGS PER SHARE****Continuing and discontinued operations**

The calculation of basic (losses)/earnings per share is based on the loss attributable to the shareholders of the Company of HK\$78,207,000 (six months ended 30th September, 2012: profit of HK\$4,324,000) and on the weighted average number of 550,510,661 (six months ended 30th September, 2012: 440,220,427 (restated)) ordinary shares in issue during the period.

Diluted (losses)/earnings per share for the six months ended 30th September, 2012 and 2013 are the same as the basic (losses)/earnings per share as there were no dilutive potential ordinary shares during the periods.

The weighted average number of ordinary shares for the purpose of basic (losses)/earnings per share for the six months ended 30th September, 2012 and 2013 have been adjusted to reflect the impact of the rights issue which was completed on 28th June, 2013 (note 17(ii)).

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th September, 2013

## 11. (LOSSES)/EARNINGS PER SHARE (Continued)

### Continuing operations

The calculation of basic (losses)/earnings per share from continuing operations attributable to the shareholders of the Company is based on the following data:

	<b>Unaudited Six months ended 30th September, 2013 HK\$'000</b>	2012 HK\$'000 (Re-presented)
(Loss)/profit for the period	<b>(78,207)</b>	4,324
Less: Loss for the period from discontinued operation	<b>3,648</b>	3,542
(Loss)/profit for the purpose of basic (losses)/earnings per share from continuing operations	<b>(74,559)</b>	7,866

The denominators used are the same as those detailed above for basic (losses)/earnings per share.

### Discontinued operation

Basic losses per share for the discontinued operation attributable to the shareholders of the Company is HK0.7 cent (six months ended 30th September, 2012: HK0.8 cent), based on the loss for the period from the discontinued operation of HK\$3,648,000 (six months ended 30th September, 2012: HK\$3,542,000) and the denominators detailed above for basic (losses)/earnings per share.

Diluted losses per share from discontinued operation for the six months ended 30th September, 2013 is the same as the basic losses per share as there were no dilutive potential ordinary shares during the period.

## 12. CAPITAL EXPENDITURES

During the period, the Group incurred capital expenditures of approximately HK\$618,000 (six months ended 30th September, 2012: HK\$19,748,000) which mainly related to the acquisitions of leasehold improvements, motor vehicle and furniture and equipment.

## 13. AVAILABLE-FOR-SALE INVESTMENTS

At 30th September, 2013, included in available-for-sale investments were investment in equity securities of a company (the "Investee Company"), carried at market value of HK\$4,202,000 (at 31st March, 2013: HK\$3,106,000), listed outside Hong Kong.

At 30th September, 2013, 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 38.7% (at 31st March, 2013: 38.7%) and 5.1% (at 31st March, 2013: 5.1%) equity interests respectively in the Investee Company.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th September, 2013

## 14. DEBTORS, DEPOSITS AND PREPAYMENTS

	<b>Unaudited As at 30th September, 2013 HK\$'000</b>	Audited As at 31st March, 2013 HK\$'000
Trade debtors	<b>18,888</b>	43,690
Other receivables	<b>29,297</b>	27,736
Deposits and prepayments	<b>59,948</b>	57,139
	<b>108,133</b>	128,565

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

	<b>Unaudited As at 30th September, 2013 HK\$'000</b>	Audited As at 31st March, 2013 HK\$'000
Within 30 days	<b>12,342</b>	32,723
31 - 90 days	<b>587</b>	344
More than 90 days	<b>5,959</b>	10,623
	<b>18,888</b>	43,690

As at 30th September, 2013, there were no receivables from customers of the securities broking business included in trade debtors (at 31st March, 2013: HK\$5,711,000). The credit terms of receivables of securities broking business in prior year were in accordance with the securities broking industry practice. The remaining balance of trade debtors was normally due within three months.

## 15. CREDITORS, DEPOSITS RECEIVED, ACCRUALS AND DEFERRED INCOME

	<b>Unaudited As at 30th September, 2013 HK\$'000</b>	Audited As at 31st March, 2013 HK\$'000
Trade payables	<b>49,528</b>	51,585
Other payables and accruals	<b>31,823</b>	49,546
Deposits received and deferred income	<b>7,746</b>	8,633
Other provision	<b>675</b>	675
	<b>89,772</b>	110,439

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th September, 2013

## 15. CREDITORS, DEPOSITS RECEIVED, ACCRUALS AND DEFERRED INCOME (Continued)

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

	<b>Unaudited As at 30th September, 2013 HK\$'000</b>	Audited As at 31st March, 2013 HK\$'000
Within 30 days	<b>37,132</b>	38,699
31 - 90 days	<b>6,432</b>	6,414
More than 90 days	<b>5,964</b>	6,472
	<b>49,528</b>	51,585

## 16. BANK LOANS

	<b>Unaudited As at 30th September, 2013 HK\$'000</b>	Audited As at 31st March, 2013 HK\$'000
Bank loans		
- unsecured	<b>234,500</b>	247,500
- secured	<b>30,000</b>	35,000
	<b>264,500</b>	282,500

At 30th September, 2013, total current and non-current bank loans are scheduled to be repaid as follows:

	<b>Unaudited As at 30th September, 2013 HK\$'000</b>	Audited As at 31st March, 2013 HK\$'000
Bank loans are repayable as follows:		
Within one year or on demand	<b>264,500</b>	198,500
In the second year	—	36,000
In the third to fifth years, inclusive	—	48,000
	<b>264,500</b>	282,500
Portion classified as current liabilities	<b>(264,500)</b>	(198,500)
Non-current portion	—	84,000

**16. BANK LOANS** (Continued)

At 30th September, 2013, the bank loan of the Company of HK\$30,000,000 (at 31st March, 2013: HK\$35,000,000) was secured by an insurance policy with coverage of HK\$19,365,000 (at 31st March, 2013: HK\$19,390,000).

Bank loans of the Company of HK\$102,000,000 are subject to the fulfillment of certain covenants. In the circumstances when the covenants were not met, the drawn down facilities would become payable on demand. As at 30th September, 2013, certain covenants of the bank loans were not met, which primarily relate to the Group's interest coverage. No waiver has been obtained by the Group from the lenders on or before 30th September, 2013.

Subsequent to the end of the reporting period, the Group had received a waiver from the bank in respect of bank loans of HK\$72,000,000 in relation to the covenants. In addition, the Group has sufficient resources to meet the liability of repayment for the remaining bank loan of HK\$30,000,000 when it is demanded.

**17. SHARE CAPITAL**

	<b>Unaudited As at 30th September, 2013 HK\$'000</b>	Audited As at 31st March, 2013 HK\$'000
Authorised:		
620,000,000 (at 31st March, 2013: 620,000,000) ordinary shares of HK\$0.25 each	<b>155,000</b>	155,000
Increase in share capital of 580,000,000 ordinary shares of HK\$0.25 each (note (i))	<b>145,000</b>	—
1,200,000,000 (at 31st March, 2013: 620,000,000) ordinary shares of HK\$0.25 each	<b>300,000</b>	155,000

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th September, 2013

## 17. SHARE CAPITAL (Continued)

	<b>Unaudited As at 30th September, 2013 HK\$'000</b>	Audited As at 31st March, 2013 HK\$'000
Issued and fully paid:		
435,071,650 (at 31st March, 2013: 435,071,650) ordinary shares of HK\$0.25 each	<b>108,768</b>	108,768
Issue of new shares under rights issue of 217,535,825 ordinary shares of HK\$0.25 each (note (ii))	<b>54,384</b>	—
652,607,475 (at 31st March, 2013: 435,071,650) ordinary shares of HK\$0.25 each	<b>163,152</b>	108,768

*Notes:*

- (i) Pursuant to an ordinary resolution passed on 29th May, 2013, the authorised share capital of the Company has increased from HK\$155,000,000 to HK\$300,000,000 by the creation of 580,000,000 additional shares of HK\$0.25 each, ranking pari passu in all respects with the existing shares of the Company.
- (ii) On 28th June, 2013, the Company completed the rights issue by issuing 217,535,825 rights shares on the basis of one rights share for every two existing shares, at a subscription price of HK\$0.55 per rights share. The cash proceeds of approximately HK\$119,645,000, before share issue expenses of approximately HK\$4,967,000, are used to finance the repayment of existing debts and for general working capital of the Group. These rights shares rank pari passu with the then existing shares of the Company in issue in all respects.

**18. OPERATING LEASE COMMITMENTS****(a) Future operating lease payables**

The total future aggregate minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	Unaudited As at 30th September, 2013			Audited As at 31st March, 2013		
	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	186,241	306	186,547	148,676	114	148,790
In the second to fifth years, inclusive	133,335	267	133,602	75,250	—	75,250
	<u>319,576</u>	<u>573</u>	<u>320,149</u>	<u>223,926</u>	<u>114</u>	<u>224,040</u>

The Group leases a number of land and buildings and other assets under operating leases. The leases run for an initial period of one to ten years (at 31st March, 2013: one to ten years) and two years (at 31st March, 2013: two years) respectively.

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.

**(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 30th September, 2013 HK\$'000	Audited As at 31st March, 2013 HK\$'000
Within one year	586	586
In the second to fifth years, inclusive	135	405
	<u>721</u>	<u>991</u>

The Group leases out its investment properties under operating lease arrangements which run for an initial period of one to two years (at 31st March, 2013: one to two years).



# Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th September, 2013

## 19. RELATED PARTY TRANSACTIONS

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

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30th September,</b>	
		<b>2013</b>	<b>2012</b>
<i>Note</i>		<b>HK\$'000</b>	<b>HK\$'000</b>
		<u>          </u>	<u>          </u>
Operating lease rental on land and buildings paid to:			
Stanwick Properties Limited	(a)	<b>5,204</b>	4,883
Contender Limited	(b)	<b>15,319</b>	15,319
Fabrico (Mfg) Limited	(c)	<b>150</b>	150
Shahdan Limited	(d)	<b>422</b>	320
Operating lease rental on furniture and fixtures paid to Stanwick Properties Limited	(a)	<b>153</b>	153
Management fees, rates and air-conditioning charges paid to:			
Stanwick Properties Limited	(a)	<b>575</b>	564
Contender Limited	(b)	<b>1,388</b>	1,386
Shahdan Limited	(d)	<b>104</b>	94
		<u>          </u>	<u>          </u>

The above related party transactions were entered into on normal commercial terms.

*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 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, management fees, rates and air-conditioning charges were paid to Contender Limited, a wholly owned subsidiary of Miramar Hotel and Investment Company, Limited ("Miramar") for the shop premises occupied and the advertising signboards and showcases used by the Group. Mr. Tang Yat Sun, Richard and Mr. Cheng Ka On, Dominic are directors of the Company and directors and shareholders of Miramar. 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 premises occupied by the Group. Fabrico is a wholly owned subsidiary of Yeung Chi Shing Estates Limited (note (a)).
- (d) The operating lease rental, management fees, rates and air-conditioning charges were paid to Shahdan Limited ("Shahdan") for the office premises occupied by the Group. Shahdan is a wholly owned subsidiary of Miramar (note (b)).

**19. RELATED PARTY TRANSACTIONS (Continued)**

Notes: (Continued)

- (e) 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:

	<b>Unaudited Six months ended 30th September, 2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Salaries, allowances and benefits in kind	<b>5,692</b>	5,182
Pension costs - defined contribution retirement schemes	<b>199</b>	197
	<b>5,891</b>	5,379

**20. FAIR VALUE MEASUREMENTS**

The financial assets and liabilities measured at fair value in the balance sheet are set out as follows:

	<b>Unaudited As at 30th September, 2013</b>	Audited As at 31st March, 2013
	<b>HK\$'000</b>	HK\$'000
<b>Assets</b>		
Available-for-sale investments - listed	<b>4,202</b>	3,106
Investments at fair value through profit or loss	<b>13,338</b>	12,830
Total fair values	<b>17,540</b>	15,936
<b>Liabilities</b>		
Gold loans, unsecured	<b>25,756</b>	30,533
Total fair values	<b>25,756</b>	30,533
Net fair values	<b>(8,216)</b>	(14,597)

The fair values of all listed securities are determined by reference to the quoted market bid price available to the relevant exchanges.

The Company followed HKFRS 13 Fair Value Measurement which introduce a three level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

For the six months ended 30th September, 2013

## 20. FAIR VALUE MEASUREMENTS (Continued)

The hierarchy groups financial assets and liabilities into three 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).

The available-for-sale investments, investments at fair value through profit or loss and unsecured gold loans 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. As at 30th September, 2013, the fair value of available-for-sale investments, investments at fair value through profit or loss and unsecured gold loans are HK\$4,202,000, HK\$13,338,000 and HK\$25,756,000 respectively (at 31st March, 2013: HK\$3,106,000, HK\$12,830,000 and HK\$30,533,000).

## 21. 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 of Directors on 29th November, 2013.

By order of the Board  
**Yeung Ping Leung, Howard**  
Chairman

Hong Kong, 29th November, 2013

*As at the date of this report, the executive directors of the Company are Mr. Yeung Ping Leung, Howard, Mr. Tang Yat Sun, Richard, Mr. Cheng Ka On, Dominic, Mr. Yeung Bing Kwong, Kenneth and Ms. Fung Chung Yee, Caroline; the non-executive director is Mr. Wong Wei Ping, Martin; and the independent non-executive directors are Mr. Lau To Yee, Mr. Cheng Kar Shing, Peter, Mr. Chan Chak Cheung, William, Mr. Ho Hau Hay, Hamilton, Mr. Sin Nga Yan, Benedict and Mr. Cheng Kwok Shing, Anthony.*