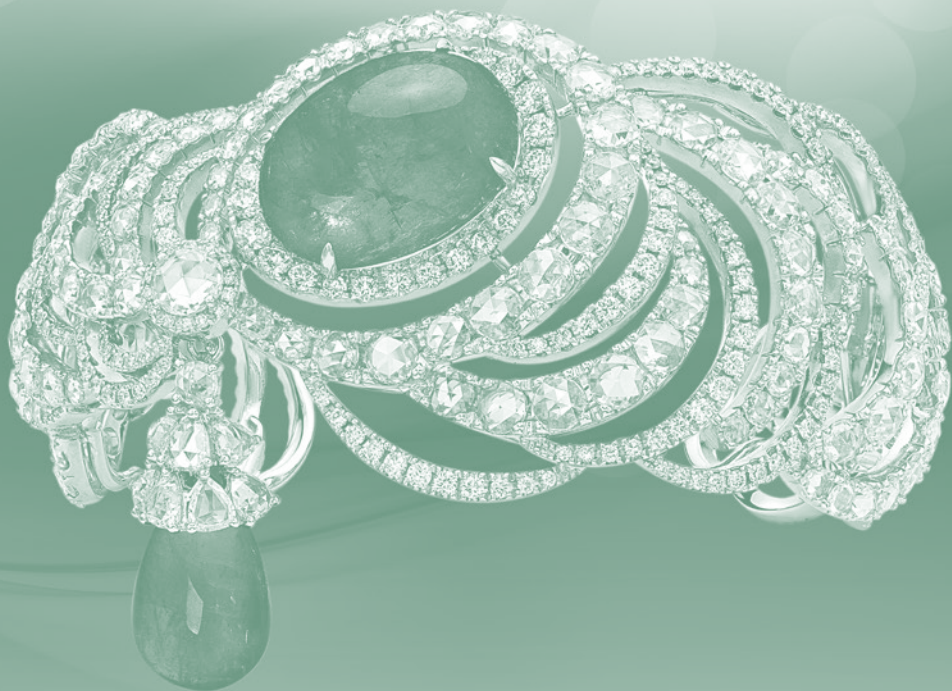




king fook holdings limited
景福集團有限公司

Stock Code: 280



for the six months ended 30th September, 2015
Interim Report

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Management Commentary

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 (the “Group”) for the six months ended 30th September, 2015. 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, 2015, and the consolidated balance sheet as at 30th September, 2015 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 the Company has resolved not to declare an interim dividend for the year ending 31st March, 2016 (for the year ended 31st March, 2015: Nil) to shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Group Results

For the six months ended 30th September, 2015, the Group’s continuing operations recorded a revenue of about HK\$322,835,000, representing a decrease of 21.4% from HK\$410,900,000 of the last corresponding period. The unaudited consolidated loss attributable to the shareholders of the Company from continuing operations for the period under review reduced by 37.3% to about HK\$59,612,000 from HK\$95,044,000 of the same period last year.

Business Review

The revenue of the Group’s continuing operations in retailing business for the six months ended 30th September, 2015 decreased by 21.6% to HK\$312,933,000 from HK\$399,086,000 of the same period last year. Such decrease was due to the closure or downsizing of several retail shops of the Group in the last financial year and weak customer spending for luxury goods. The business environment of the luxury goods retail market continued to be severe and challenging. For the period under review, spending of tourists from Mainland China was adversely affected by Mainland China’s decelerating economic growth and Chinese Government’s anti-extravagant campaign. On the other hand, local consumption sentiment was negatively impacted by the uncertain global economic outlook, causing a further decline in the luxury goods retail market.

Management Commentary (Continued)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

During the period under review, the number of retail shops of the Group remained unchanged. The retail shop at Central Building commenced renovation by phases in August 2015 and has been re-opened for business.

Future Outlook

Looking forward, the Group expects the sluggish market conditions will continue and the challenge to the luxury goods retail market will be severe. As the unfavorable retail environment has suppressed the rent in prime shopping areas since the beginning of 2015, the Group will cautiously review and adjust its store locations in order to minimise rental expenses. The Group will continue to take cost cutting measures and improve operating efficiency by streamlining the operations and optimising internal resources in order to achieve better results.

The Group will continue to launch quality and exquisite products by leveraging on its solid foundation and reputation, and will enhance its competitiveness by optimising its product mix so as to better address the changing needs of tourists and the local market. Its online platform for e-Commerce will be launched in the near future, and the Group believes that the online platform will attract internet users to visit its retail shops personally, enlarge customer base and create business growth effectively with lower cost so that the Group's profitability will be enhanced. The Group will continue to launch various marketing activities and promotional events to maintain good relationship with existing customers and attract new customers.

Financial Review

Finance

At 30th September, 2015, the Group's current assets and current liabilities were about HK\$972,093,000 and HK\$181,083,000 respectively. There were cash and cash equivalents of about HK\$166,068,000, bank loans of about HK\$126,000,000 and unsecured gold loan of about HK\$16,805,000. Based on the total borrowings of the Group of about HK\$142,805,000 and the capital and reserves attributable to the shareholders of the Company of about HK\$799,260,000 at 30th September, 2015, the overall borrowings to equity ratio was 17.9%, which was at a healthy level.

Foreign Exchange

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

Management Commentary (Continued)

EMPLOYEES

At 30th September, 2015, the Group had about 199 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.

DIRECTORS' INTERESTS

At 30th September, 2015, 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	7,528,500	Nil	[#] 31,571,400	39,099,900	4.28%
Mr. Cheng Ka On, Dominic	2,622,000	Nil	Nil	2,622,000	0.29%
Mr. Ho Hau Hay, Hamilton	Nil	Nil	[*] 6,657,000	6,657,000	0.73%

[#] These shares were 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 were 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, at 30th September, 2015, 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 SHAREHOLDER

At 30th September, 2015, the following person (other than a director or chief executive of the Company) had interest in the 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:

<u>Name of shareholder</u>	<u>Number of ordinary shares held</u>	<u>Nature of interest</u>	<u>Percentage of shareholding</u>
Yeung Chi Shing Estates Limited	547,539,057	Note	59.93%

Note: 534,603,015 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 30th September, 2015, 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 has purchased, sold or redeemed any of the Company's shares during the six months ended 30th September, 2015.

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 30th September, 2015.

CORPORATE GOVERNANCE PRACTICES

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 six months ended 30th September, 2015 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 meetings of the Company at least once every three years in accordance with the Articles of Association of the Company. The retiring directors shall be eligible for re-election.

Management Commentary (Continued)

CORPORATE GOVERNANCE PRACTICES (Continued)

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 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, 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 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 30th September, 2015 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, 2015.

DISCLOSURE UNDER SECTION 436 OF THE COMPANIES ORDINANCE

The financial information of the Group relating to the year ended 31st March, 2015 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 consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31st March, 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those consolidated 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 Companies Ordinance.

Independent Auditor's Review Report



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 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, 2015 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 interim financial information 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 interim financial information 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

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Independent Auditor's Review Report (Continued)

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

Leung Tze Wai

Practising Certificate Number P06158

Hong Kong, 27th November, 2015

Consolidated Income Statement

For the six months ended 30th September, 2015

		Unaudited Six months ended 30th September, 2015	2014
	Note	HK\$'000	HK\$'000 (Re-presented)
CONTINUING OPERATIONS			
Revenue	4	322,835	410,900
Cost of sales		(256,233)	(322,316)
Gross profit		66,602	88,584
Other operating income		1,613	8,462
Distribution and selling costs		(97,070)	(149,850)
Administrative expenses		(24,156)	(32,679)
Other operating expenses		(4,348)	(6,743)
Operating loss		(57,359)	(92,226)
Finance costs	5	(2,286)	(2,807)
Loss before taxation	6	(59,645)	(95,033)
Taxation	8	12	(14)
Loss for the period from continuing operations		(59,633)	(95,047)
DISCONTINUED OPERATION			
(Loss)/profit for the period from discontinued operation	9	(318)	2,333
Loss for the period		(59,951)	(92,714)
(Loss)/profit for the period attributable to:			
Shareholders of the Company			
Continuing operations		(59,612)	(95,044)
Discontinued operation		(318)	2,333
		(59,930)	(92,711)
Minority interests		(21)	(3)
		(59,951)	(92,714)
		HK cent	HK cent
Loss per share for loss attributable to the shareholders of the Company for the period			
	11		
- Basic and diluted			
Continuing and discontinued operations		(8.8)	(14.2)
Continuing operations		(8.7)	(14.6)

Consolidated Statement of Comprehensive Income

For the six months ended 30th September, 2015

	Unaudited	
	Six months ended	
	30th September,	
	2015	2014
	HK\$'000	HK\$'000
Loss for the period	(59,951)	(92,714)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Change in fair value of available-for-sale investments	—	3,589
Reclassification adjustment upon disposal of available-for-sale investments	—	(4,717)
Exchange differences on translation	(598)	292
Other comprehensive income for the period	(598)	(836)
Total comprehensive income for the period	(60,549)	(93,550)
Total comprehensive income for the period attributable to:		
Shareholders of the Company	(60,528)	(93,547)
Minority interests	(21)	(3)
	(60,549)	(93,550)

Consolidated Balance Sheet

As at 30th September, 2015

	Unaudited As at 30th September, 2015 HK\$'000	Audited As at 31st March, 2015 HK\$'000
Note	<u>HK\$'000</u>	<u>HK\$'000</u>
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	12 4,758	8,203
Investment properties	643	658
Available-for-sale investments	13 952	952
Deferred tax assets	1,928	1,928
Other assets	150	396
	<u>8,431</u>	<u>12,137</u>
Current assets		
Inventories	702,701	715,088
Debtors, deposits and prepayments	14 69,120	60,882
Investments at fair value through profit or loss	15 34,204	1,192
Tax recoverable	—	32
Cash and cash equivalents	166,068	117,788
	<u>972,093</u>	<u>894,982</u>
Current liabilities		
Creditors, deposits received, accruals and deferred income	16 38,270	34,351
Tax payable	8	9
Gold loan, unsecured	16,805	17,559
Bank loans	17 126,000	147,500
	<u>181,083</u>	<u>199,419</u>
Net current assets	<u>791,010</u>	<u>695,563</u>
Total assets less current liabilities	<u>799,441</u>	<u>707,700</u>
Non-current liability		
Provision for long service payments	69	112
Net assets	<u>799,372</u>	<u>707,588</u>
CAPITAL AND RESERVES		
Capital and reserves attributable to the shareholders of the Company		
Share capital	18 393,354	241,021
Other reserves	35,604	36,202
Retained profits	370,302	430,232
	<u>799,260</u>	<u>707,455</u>
Minority interests	<u>112</u>	<u>133</u>
	<u>799,372</u>	<u>707,588</u>

Consolidated Statement of Changes in Equity

For the six months ended 30th September, 2015

	Capital and reserves attributable to the shareholders of the Company						Minority interests	Total
	Share capital HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	HK\$'000	HK\$'000
Unaudited								
For the six months ended								
30th September, 2015								
At 1st April, 2015	241,021	24,753	11,449	—	430,232	707,455	133	707,588
Rights issue (note 18)	156,626	—	—	—	—	156,626	—	156,626
Share issue expenses (note 18)	(4,293)	—	—	—	—	(4,293)	—	(4,293)
Transactions with shareholders	152,333	—	—	—	—	152,333	—	152,333
Loss for the period	—	—	—	—	(59,930)	(59,930)	(21)	(59,951)
Other comprehensive income:								
Exchange differences on translation	—	—	(598)	—	—	(598)	—	(598)
Total comprehensive income for the period	—	—	(598)	—	(59,930)	(60,528)	(21)	(60,549)
At 30th September, 2015	393,354	24,753	10,851	—	370,302	799,260	112	799,372
Unaudited								
For the six months ended								
30th September, 2014								
At 1st April, 2014	241,021	24,753	10,791	1,128	579,483	857,176	139	857,315
Loss for the period	—	—	—	—	(92,711)	(92,711)	(3)	(92,714)
Other comprehensive income:								
Change in fair value of available-for-sale investments	—	—	—	3,589	—	3,589	—	3,589
Reclassification adjustment upon disposal of available-for-sale investments	—	—	—	(4,717)	—	(4,717)	—	(4,717)
Exchange differences on translation	—	—	292	—	—	292	—	292
Total comprehensive income for the period	—	—	292	(1,128)	(92,711)	(93,547)	(3)	(93,550)
At 30th September, 2014	241,021	24,753	11,083	—	486,772	763,629	136	763,765

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th September, 2015

	Unaudited	
	Six months ended	
	30th September,	
	2015	2014
	HK\$'000	HK\$'000
Net cash used in operating activities	(78,453)	(25,903)
Net cash (used in)/generated from investing activities	(1,310)	6,373
Net cash generated from/(used in) financing activities	128,612	(15,262)
Net increase/(decrease) in cash and cash equivalents	48,849	(34,792)
Cash and cash equivalents at the beginning of the period	117,788	122,634
Effect of foreign exchange rate changes, net	(569)	284
Cash and cash equivalents at the end of the period	166,068	88,126

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

For the six months ended 30th September, 2015

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 and construction services.

During the period, the Group decided to focus its resources on its continuing operations and had ceased its operation of construction services. This business segment is presented as discontinued operation in accordance with Hong Kong Financial Reporting Standard 5, *Non-current Assets Held for Sale and Discontinued Operations* (“HKFRS 5”), 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, 2015 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 consolidated financial statements for the year ended 31st March, 2015, except for the adoption of the amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) as disclosed in note 2. These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31st March, 2015.

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 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 1st April, 2015:

Amendments to HKAS 19	Defined Benefit Plans:
	Employee Contributions
Amendments to HKFRS	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRS	Annual Improvements to HKFRSs 2011-2013 Cycle

The adoption of these amendments to HKFRSs has no significant impact on the Group's consolidated 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 the 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:

Continuing operations

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

Discontinued operation

- (iv) Construction services

For the six months ended 30th September, 2015

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 (iii) individually do not meet the quantitative thresholds to be separately reported, (ii) is aggregated with (i) because they have similar economic characteristics and (iii) is reported under "All others". Although (iv) also does not meet the quantitative thresholds, it is separately presented as it is a major business line of the Group in the prior years. The top management has identified the Group's reportable segments as follows:

Continuing operations

- (a) Retailing, bullion trading and diamond wholesaling
- (b) All others

Discontinued operation

- (c) Construction services

Under HKFRS 8, *Operating Segments*, 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 or loss. 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, deferred tax assets, tax recoverable and payable, bank loans 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, 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 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, 2015

3. SEGMENT INFORMATION (Continued)

	Continuing operations			Discontinued operation		Total HK\$'000
	Retailing, bullion trading and diamond wholesaling HK\$'000	All others HK\$'000	Inter- segment elimination HK\$'000	Sub-total HK\$'000	Construction services HK\$'000	
Unaudited						
For the six months ended						
30th September, 2015						
Revenue						
From external customers	319,061	3,774	—	322,835	—	322,835
Inter-segment sales	—	23	(23)	—	—	—
Reportable segment revenue	<u>319,061</u>	<u>3,797</u>	<u>(23)</u>	<u>322,835</u>	<u>—</u>	<u>322,835</u>
Interest income	25	—	—	25	—	25
Finance costs	(3,917)	—	—	(3,917)	—	(3,917)
Depreciation	(1,904)	(47)	—	(1,951)	—	(1,951)
Provision for and write down of inventories to net realisable value	(12,525)	—	—	(12,525)	—	(12,525)
Provision for impairment loss of property, plant and equipment	(2,474)	—	—	(2,474)	—	(2,474)
Reversal of provision for impairment loss of other receivables	973	—	—	973	—	973
Reportable segment results	<u>(54,315)</u>	<u>(654)</u>	<u>—</u>	<u>(54,969)</u>	<u>(318)</u>	<u>(55,287)</u>
Corporate income				17,166		17,166
Corporate expenses				(20,049)		(20,049)
Dividend income				5		5
Fair value change of investments at fair value through profit or loss				(1,798)		(1,798)
Loss before taxation				<u>(59,645)</u>		<u>(59,963)</u>
Unaudited						
At 30th September, 2015						
Reportable segment assets	839,247	3,407	—	842,654	114	842,768
Corporate assets						2,356
Available-for-sale investments						952
Deferred tax assets						1,928
Investments at fair value through profit or loss						34,204
Cash and cash equivalents						98,316
Total assets per consolidated balance sheet						<u>980,524</u>
Reportable segment liabilities	46,873	2,362	—	49,235	2,813	52,048
Corporate liabilities						3,096
Bank loans						126,000
Tax payable						8
Total liabilities per consolidated balance sheet						<u>181,152</u>

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

For the six months ended 30th September, 2015

3. SEGMENT INFORMATION (Continued)

	Continuing operations			Discontinued operation		
	Retailing, bullion trading and diamond wholesaling HK\$'000	All others HK\$'000	Inter-segment elimination HK\$'000	Sub-total HK\$'000	Construction services HK\$'000 (Re-presented)	Total HK\$'000 (Re-presented)
Unaudited						
For the six months ended 30th September, 2014						
Revenue						
From external customers	407,496	3,404	—	410,900	3,143	414,043
Inter-segment sales	—	2	(2)	—	—	—
Reportable segment revenue	<u>407,496</u>	<u>3,406</u>	<u>(2)</u>	<u>410,900</u>	<u>3,143</u>	<u>414,043</u>
Interest income	20	—	—	20	—	20
Finance costs	(5,111)	—	—	(5,111)	—	(5,111)
Depreciation	(7,524)	(16)	—	(7,540)	—	(7,540)
Provision for and write down of inventories to net realisable value	(6,981)	—	—	(6,981)	—	(6,981)
Provision for impairment loss of property, plant and equipment	(1,500)	—	—	(1,500)	—	(1,500)
Reportable segment results	<u>(101,088)</u>	<u>(88)</u>	<u>—</u>	<u>(101,176)</u>	<u>2,333</u>	<u>(98,843)</u>
Corporate income				26,024		26,024
Corporate expenses				(26,829)		(26,829)
Dividend income				48		48
Fair value change of investments at fair value through profit or loss				2,183		2,183
Gain on disposal of available-for-sale investments				4,717		4,717
Loss before taxation				<u>(95,033)</u>		<u>(92,700)</u>
Audited						
At 31st March, 2015						
Reportable segment assets	801,194	6,388	—	807,582	303	807,885
Corporate assets						2,667
Available-for-sale investments						952
Deferred tax assets						1,928
Investments at fair value through profit or loss						1,192
Tax recoverable						32
Cash and cash equivalents						92,463
Total assets per consolidated balance sheet						<u>907,119</u>
Reportable segment liabilities	41,206	5,004	—	46,210	2,940	49,150
Corporate liabilities						2,872
Bank loans						147,500
Tax payable						9
Total liabilities per consolidated balance sheet						<u>199,531</u>

3. SEGMENT INFORMATION (Continued)

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

For each of the six months ended 30th September, 2014 and 2015 respectively, no revenue from a single customer amounted to 10% or more of the total revenue of the Group.

4. REVENUE

The Group is principally engaged in gold ornament, jewellery, watch, fashion and gift retailing, bullion trading and diamond wholesaling. Revenue, which includes the Group's turnover and other revenue, recognised during the period comprised the following:

	Unaudited Six months ended 30th September,	
	2015	2014
	HK\$'000	HK\$'000
		(Re-presented)
	<u> </u>	<u> </u>
CONTINUING OPERATIONS		
Turnover		
Gold ornament, jewellery, watch, fashion and gift retailing	312,933	399,086
Bullion trading	4,854	5,634
Diamond wholesaling	1,274	2,776
	<u>319,061</u>	<u>407,496</u>
Other revenue		
Income from provision of travel related products and services	<u>3,774</u>	<u>3,404</u>
Total revenue from continuing operations	322,835	410,900
DISCONTINUED OPERATION		
Other revenue		
Revenue on construction contracts	—	3,143
Total revenue	<u>322,835</u>	<u>414,043</u>

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

For the six months ended 30th September, 2015

5. FINANCE COSTS

	Unaudited Six months ended 30th September,	
	2015	2014
	HK\$'000	HK\$'000
Continuing operations		
Interest charges on:		
Financial liabilities at amortised cost:		
Bank and other loans and overdrafts	1,985	2,408
Financial liabilities at fair value through profit or loss:		
Gold loans, unsecured	301	399
	2,286	2,807

6. LOSS BEFORE TAXATION

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

	Unaudited Six months ended 30th September, 2015 HK\$'000	2014 HK\$'000 (Re-presented)
Continuing operations		
Cost of inventories sold, including	258,593	324,700
- provision for and write down of inventories to net realisable value	12,525	6,981
- reversal of provision for and write down of inventories to net realisable value*	(855)	(4,610)
Depreciation of property, plant and equipment	2,165	7,972
Depreciation of investment properties	15	16
Dividend income	(5)	(48)
Fair value change of investments at fair value through profit or loss	1,798	(2,183)
Foreign exchange difference, net	(137)	(290)
Gain on disposal of available-for-sale investments	—	(4,717)
Interest income from financial assets at amortised cost	(118)	(150)
Loss on write off/disposal of property, plant and equipment	76	5,183
Operating lease charges in respect of properties	65,613	99,893
Operating lease charges in respect of furniture and fixtures	317	321
Outgoings in respect of investment properties	45	38
Provision for impairment loss of other receivables		
- provided against allowance account	—	60
- reversal of provision	(973)	—
Provision for impairment loss of property, plant and equipment	2,474	1,500
Provision for long service payments		
- provided against the account	—	9
- reversal of provision	(43)	(47)
Rental income		
- owned properties	(329)	(305)
- operating sub-leases	(3)	—

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

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

For the six months ended 30th September, 2015

7. EMPLOYEE BENEFIT EXPENSE

	Unaudited Six months ended 30th September,	
	2015	2014
	HK\$'000	HK\$'000
		(Re-presented)
Continuing operations		
Wages, salaries and other benefits	31,021	42,081
Pension costs - defined contribution retirement schemes	1,582	2,090
Provision for long service payments	—	9
Reversal of provision for long service payments	(43)	(47)
	32,560	44,133

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 (for the six months ended 30th September, 2014: 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.

8. TAXATION (Continued)

The amount of taxation (credited)/charged to the consolidated income statement represents:

	Unaudited Six months ended 30th September,	
	2015	2014
	HK\$'000	HK\$'000
Continuing operations		
Current tax		
- Hong Kong		
Over provision of prior years	(26)	—
- Overseas		
Current period	14	14
Taxation (credit)/charge	<u>(12)</u>	<u>14</u>

9. DISCONTINUED OPERATION

During the period under review, the business of construction services operated by the subsidiaries of the Company 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 construction services segment were as follows:

	Unaudited Six months ended 30th September,	
	2015	2014
	HK\$'000	HK\$'000
Income	26	3,143
Expenses	(344)	(810)
(Loss)/profit before taxation	(318)	2,333
Taxation	—	—
(Loss)/profit for the period	<u>(318)</u>	<u>2,333</u>

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

For the six months ended 30th September, 2015

9. DISCONTINUED OPERATION (Continued)

The cash flows of the construction services segment were as follows:

	Unaudited Six months ended 30th September,	
	2015	2014
	HK\$'000	HK\$'000
Operating and total cash flows	(188)	110

(Loss)/profit of the construction services segment was arrived after charging and (crediting):

	Unaudited Six months ended 30th September,	
	2015	2014
	HK\$'000	HK\$'000
Employee benefit expenses (including pension costs of defined contribution retirement scheme)	130	223
Provision for impairment loss of debtors		
- provided against allowance account	—	87
- reversal of provision	—	(3)

10. DIVIDEND

At a meeting held on 27th November, 2015, the Board of Directors (the "Board") of the Company resolved not to declare an interim dividend for the year ending 31st March, 2016 (for the year ended 31st March, 2015: Nil).

11. LOSS PER SHARE

Continuing and discontinued operations

The calculation of basic loss per share is based on the consolidated loss attributable to the shareholders of the Company of HK\$59,930,000 (for the six months ended 30th September, 2014: HK\$92,711,000) and on the weighted average number of 683,989,692 (for the six months ended 30th September, 2014: 652,607,475) ordinary shares in issue during the period.

The weighted average number of ordinary shares in issue for the purpose of calculating the basic loss per share for the six months ended 30th September, 2014 has not been adjusted for the rights issue (as described in note 18) because the subscription price of the rights issue was higher than the closing market price per share on the immediately preceding business day of the rights issue.

Diluted loss per share for each of the six months ended 30th September, 2014 and 2015 respectively is the same as the basic loss per share as there were no dilutive potential ordinary shares during both periods.

Continuing operations

The calculation of basic loss per share from continuing operations is based on the loss for the period attributable to the shareholders of the Company from continuing operations of HK\$59,612,000 (for the six months ended 30th September, 2014: HK\$95,044,000) and the denominators detailed above for basic loss per share.

Diluted loss per share from continuing operations for each of the six months ended 30th September, 2014 and 2015 respectively is the same as the basic loss per share as there were no dilutive potential ordinary shares during both periods.

Discontinued operation

Basic loss per share for the discontinued operation attributable to the shareholders of the Company is HK0.1 cent (for the six months ended 30th September, 2014: basic earnings per share of HK0.4 cent), based on the loss for the period from the discontinued operation of HK\$318,000 (for the six months ended 30th September, 2014: profit of HK\$2,333,000) and the denominators detailed above for basic loss per share.

Diluted loss per share from discontinued operation for each of the six months ended 30th September, 2014 and 2015 respectively is the same as the basic loss per share as there were no dilutive potential ordinary shares during both periods.

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

For the six months ended 30th September, 2015

12. CAPITAL EXPENDITURES AND IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred capital expenditures of approximately HK\$1,500,000 (for the six months ended 30th September, 2014: HK\$1,492,000) which mainly related to the acquisitions of leasehold improvements, furniture and equipment and motor vehicle.

The Hong Kong luxury goods retail market showed a general decline in the period under review and yet to recover. The Group performed an impairment assessment on certain property, plant and equipment of the Group's retail store investments, reported under retailing, bullion trading and diamond wholesaling segment, in accordance with the accounting policy on impairment of non-financial assets. Based on the assessment, an impairment loss of approximately HK\$2,474,000 (for the six months ended 30th September, 2014: HK\$1,500,000) was recognised and charged to the consolidated income statement for the six months ended 30th September, 2015. The recoverable amounts of these property, plant and equipment using value in use calculation were determined by the discounted cash flows generated from these retail store investments based on a management budget plan and a pre-tax discount rate of 8%.

13. AVAILABLE-FOR-SALE INVESTMENTS

	Unaudited As at 30th September, 2015 HK\$'000	Audited As at 31st March, 2015 HK\$'000
Unlisted equity securities, at cost less impairment	596	596
Membership licence, at cost	356	356
	<u>952</u>	<u>952</u>

14. DEBTORS, DEPOSITS AND PREPAYMENTS

	Unaudited As at 30th September, 2015 HK\$'000	Audited As at 31st March, 2015 HK\$'000
Trade debtors	8,417	5,451
Other receivables	20,711	14,013
Deposits and prepayments	39,992	41,418
	<u>69,120</u>	<u>60,882</u>

14. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

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

	Unaudited As at 30th September, 2015 HK\$'000	Audited As at 31st March, 2015 HK\$'000
Within 30 days	5,397	2,337
31 - 90 days	2,240	324
More than 90 days	780	2,790
	8,417	5,451

15. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited As at 30th September, 2015 HK\$'000	Audited As at 31st March, 2015 HK\$'000
Equity securities, at fair value		
Listed in Hong Kong	30,532	1,192
Listed outside Hong Kong	3,672	—
	34,204	1,192

The above investments are classified as held for trading.

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

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

For the six months ended 30th September, 2015

16. CREDITORS, DEPOSITS RECEIVED, ACCRUALS AND DEFERRED INCOME

	Unaudited	Audited
	As at	As at
	30th September,	31st March,
	2015	2015
	HK\$'000	HK\$'000
	<u> </u>	<u> </u>
Trade payables	19,162	15,151
Other payables and accruals	10,520	11,758
Deposits received and deferred income	8,588	6,767
Other provision	—	675
	<u> </u>	<u> </u>
	38,270	34,351
	<u> </u>	<u> </u>

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

	Unaudited	Audited
	As at	As at
	30th September,	31st March,
	2015	2015
	HK\$'000	HK\$'000
	<u> </u>	<u> </u>
Within 30 days	11,403	9,820
31 - 90 days	4,904	1,630
More than 90 days	2,855	3,701
	<u> </u>	<u> </u>
	19,162	15,151
	<u> </u>	<u> </u>

17. BANK LOANS

	Unaudited As at 30th September, 2015 HK\$'000	Audited As at 31st March, 2015 HK\$'000
Bank loans		
- unsecured	121,000	140,000
- secured	5,000	7,500
	126,000	147,500

At 30th September, 2015, all bank loans of HK\$126,000,000 (at 31st March, 2015: HK\$147,500,000) are scheduled to be repaid within one year or on demand and classified as current liabilities.

At 30th September, 2015, the bank loan of HK\$5,000,000 (at 31st March, 2015: HK\$7,500,000) was secured by an insurance policy with coverage of HK\$19,363,000 (at 31st March, 2015: HK\$19,375,000).

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

Bank loans of HK\$15,000,000, with scheduled repayment within one year, 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. At 30th September, 2015, certain covenants of the bank loans were not met, which primarily relate to the Group's interest coverage. Before the end of the reporting period, the Group had received a waiver from the bank in respect of such covenants of the bank loans.

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

For the six months ended 30th September, 2015

18. SHARE CAPITAL

	Unaudited As at 30th September, 2015 HK\$'000	Audited As at 31st March, 2015 HK\$'000
Issued and fully paid:		
At 1st April, 2015		
652,607,475 (at 1st April, 2014: 652,607,475) ordinary shares	241,021	241,021
Issue of new shares under rights issue of 261,042,990 ordinary shares (note)	152,333	—
	<u> </u>	<u> </u>
At 30th September, 2015		
913,650,465 (at 31st March, 2015: 652,607,475) ordinary shares	393,354	241,021
	<u> </u>	<u> </u>

Note:

On 9th September, 2015, the Company completed its rights issue by issuing 261,042,990 rights shares on the basis of two rights shares for every five then existing shares, at the subscription price of HK\$0.6 per rights share. The net cash proceeds of approximately HK\$152,333,000, after share issue expenses of approximately HK\$4,293,000, are used to finance the repayment of existing debts and for general working capital of the Group. The issue of rights shares has increased the share capital of the Company by approximately HK\$152,333,000. Those rights shares rank pari passu with the then existing shares of the Company in issue in all respects.

19. 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, 2015			Audited As at 31st March, 2015		
	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	116,841	306	117,147	125,128	114	125,242
In the second to fifth years, inclusive	61,616	267	61,883	100,766	—	100,766
	<u>178,457</u>	<u>573</u>	<u>179,030</u>	<u>225,894</u>	<u>114</u>	<u>226,008</u>

The Group leases a number of land and buildings and other assets under operating leases. The leases of the Group run for an initial period of one to four years (at 31st March, 2015: one to four 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.

(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, 2015 HK\$'000	Audited As at 31st March, 2015 HK\$'000
Within one year	635	634
In the second to fifth years, inclusive	147	441
	<u>782</u>	<u>1,075</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, 2015: one to two years).

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

For the six months ended 30th September, 2015

20. 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	
		30th September,	
		2015	2014
	<i>Note</i>	HK\$'000	HK\$'000
Operating lease rental on land and buildings paid to:			
Stanwick Properties Limited	(a)	6,005	6,152
Contender Limited	(b)	—	12,668
Fabrico (Mfg) Limited	(c)	90	66
Shahdan Limited	(d)	—	473
Operating lease rental on furniture and fixtures paid to Stanwick Properties Limited	(a)	153	153
Management fees, rates and air-conditioning charges paid to:			
Stanwick Properties Limited	(a)	571	605
Contender Limited	(b)	—	1,411
Shahdan Limited	(d)	—	114
Interest payable to Yeung Chi Shing Estates Limited	(e)	—	98

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

Note:

- (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 Kin, Alan (both are directors of the Company) and Mr. Yeung Bing Kwong, Kenneth (a former director 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 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)).

For the six months ended 30th September, 2015

20. RELATED PARTY TRANSACTIONS (Continued)

Note: (Continued)

- (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)).
- (e) The interest was payable to Yeung Chi Shing Estates Limited in relation to the loan from such substantial shareholder. The loan had been repaid in full during the year ended 31st March, 2015.
- (f) 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 30th September,	
	2015	2014
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	3,897	4,402
Pension costs - defined contribution retirement schemes	200	194
	4,097	4,596

21. FAIR VALUE MEASUREMENTS

The financial asset and liability measured at fair value in the consolidated balance sheet are set out as follows:

	Unaudited As at 30th September, 2015 HK\$'000	Audited As at 31st March, 2015 HK\$'000
Financial asset at fair value through profit or loss		
Investments at fair value through profit or loss	34,204	1,192
Financial liability at fair value through profit or loss		
Gold loan, unsecured	16,805	17,559

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.

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

For the six months ended 30th September, 2015

21. FAIR VALUE MEASUREMENTS (Continued)

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

Level 1: quoted prices (unadjusted) in active markets for identical asset or liability;

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).

At 31st March, 2015 and 30th September, 2015, the investments at fair value through profit or loss and unsecured 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 asset or liability.

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

22. 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 27th November, 2015.

By order of the Board
Yeung Ping Leung, Howard
Chairman

Hong Kong, 27th November, 2015

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 and Ms. Fung Chung Yee, Caroline; the non-executive directors are Mr. Wong Wei Ping, Martin and Mr. Yeung Bing Kin, Alan; and the independent non-executive directors are Mr. Lau To Yee, Mr. Cheng Kar Shing, Peter, Mr. Ho Hau Hay, Hamilton, Mr. Sin Nga Yan, Benedict and Mr. Cheng Kwok Shing, Anthony.