king fook holdings limited

景福集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 280)

GROUP RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The Board of Directors (the "Board") of King Fook Holdings Limited (the "Company") announces that the audited consolidated loss of the Company and its subsidiaries (the "Group") attributable to the shareholders of the Company for the financial year ended 31 March 2017 amounted to HK$85,987,000.

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2017	2016
	Note	**HK$'000**	HK$'000
CONTINUING OPERATIONS			
Revenue	*5*	**401,340**	612,271
Cost of sales		**(305,588)**	(471,010)
Gross profit		**95,752**	141,261
Other operating income		**8,668**	2,266
Distribution and selling costs		**(146,708)**	(192,121)
Administrative expenses		**(36,608)**	(48,904)
Other operating expenses		**(278)**	(18,337)
Operating loss		**(79,174)**	(115,835)
Finance costs		**(3,620)**	(4,307)
Loss before taxation	*6*	**(82,794)**	(120,142)
Taxation	*7*	**(3,198)**	1,267
Loss for the year from continuing operations		**(85,992)**	(118,875)
DISCONTINUED OPERATION			
Loss for the year from discontinued operation	*8*	**-**	(318)
Loss for the year		**(85,992)**	(119,193)

CONSOLIDATED INCOME STATEMENT (Continued)

	Note	Year ended 31 March 2017 HK$'000	2016 HK$'000
Loss for the year attributable to:			
Shareholders of the Company			
Continuing operations		**(85,987)**	(118,854)
Discontinued operation		**-**	(318)
		(85,987)	(119,172)
Minority interests		**(5)**	(21)
		(85,992)	(119,193)
		HK cent	HK cent
Loss per share for loss attributable to the shareholders of the Company for the year	*9*		
- Basic and diluted			
Continuing and discontinued operations		**(9.41)**	(14.93)
Continuing operations		**(9.41)**	(14.89)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Loss for the year	**(85,992)**	(119,193)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(727)**	(958)
Other comprehensive income for the year	**(727)**	(958)
Total comprehensive income for the year	**(86,719)**	(120,151)
Total comprehensive income for the year attributable to:		
Shareholders of the Company	**(86,714)**	(120,130)
Minority interests	**(5)**	(21)
	(86,719)	(120,151)

CONSOLIDATED BALANCE SHEET

	Note	As at 31 March 2017 HK$'000	2016 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**3,294**	4,506
Investment properties		**594**	626
Available-for-sale investments		**837**	864
Deferred tax assets		**-**	3,198
		4,725	9,194
Current assets			
Inventories		**587,871**	698,816
Debtors, deposits and prepayments	*10*	**40,215**	53,889
Investments at fair value through profit or loss		**30,662**	24,577
Cash and cash equivalents		**107,158**	105,101
		765,906	882,383
Current liabilities			
Creditors, deposits received, accruals and deferred income	*11*	**21,045**	28,529
Tax payable		**-**	7
Gold loan, unsecured		**18,439**	18,172
Bank loans, unsecured		**78,000**	105,000
		117,484	151,708
Net current assets		**648,422**	730,675
Total assets less current liabilities		**653,147**	739,869
Non-current liability			
Provision for long service payments		**96**	99
Net assets		**653,051**	739,770
CAPITAL AND RESERVES			
Capital and reserves attributable to the shareholders of the Company			
Share capital		**393,354**	393,354
Other reserves		**34,517**	35,244
Retained profits		**225,073**	311,060
		652,944	739,658
Minority interests		**107**	112
		653,051	739,770

Note:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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 directors consider the ultimate holding company to be Yeung Chi Shing Estates Limited, a company incorporated in Hong Kong.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and have been prepared in compliance with the Hong Kong Companies Ordinance.

2. ADOPTION OF AMENDMENTS TO HKFRSs

In the current year, the Group has applied for the first time the following amendments to HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2016:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

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

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

The following new/revised HKFRSs have been issued but are not yet effective and have not been early adopted by the Group:

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfers of Investment Property[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance Contract[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarification to HKFRS 15)[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

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

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors of the Company are currently assessing the possible impact of these new or revised standards on the Group's results and financial position in the first year of application. Those new or revised HKFRSs that are expected to have a material impact on the Group's consolidated financial statements are set out below.

HKFRS 9: ***Financial Instruments***

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in consolidated financial statements.

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

Based on the Group's financial instruments and risk management policies as at 31 March 2017, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments which currently stated at cost less impairment, will either be measured as FVTPL or be designated as FVTOCI (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39, *Financial Instruments: Recognition and Measurement*, and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as HKFRS 9 introduces a more principles-based approach. However, the Group currently does not have hedging relationship.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to the Group's financial assets at amortised cost. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

HKFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of HKFRS 9.

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

HKFRS 9: ***Financial Instruments*** (Continued)

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt HKFRS 9 before its effective date.

HKFRS 15: ***Revenue from Contracts with Customers***

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18, *Revenue*, HKAS 11, *Construction Contracts*, and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

In 2016, the HKICPA issued clarification to HKFRS 15 in relation to the identification of performance obligations, principal versus agent consideration, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue and the allocation of total consideration to respective performance obligations based on relative fair values. In addition, the application of HKFRS 15 may result in more disclosures relating to revenue in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 15 must be applied for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

HKFRS 16: ***Leases***

HKFRS 16, which upon the effective date will supersede HKAS 17, *Leases*, and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the consolidated statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

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

HKFRS 16: *Leases* (Continued)

HKFRS 16 will result in almost all leases being recognised on the Group's consolidated balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term leases of less than 12 months and low-value leases.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those 2 types of leases differently. The accounting for lessors will not significantly change.

The Group's future minimum lease payments under non-cancellable operating leases amounted to HK$140,591,000 as at 31 March 2017. The Group expects that certain portion of these lease commitments will be required to be recognised in the Group's consolidated balance sheet as right-of-use assets and lease liabilities upon the adoption of HKFRS 16. The right-of-use assets are initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liabilities. Any impairment losses on right-of-use assets may result in significant impact on the Group's results. In addition, more quantitative and qualitative disclosures about the leases will be made following the requirements of HKFRS 16.

HKFRS 16 must be applied for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

4. SEGMENT INFORMATION

The Group's reporting segments are as follows:

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

Discontinued operation
(c) Construction services

	Continuing operations		
	Retailing, bullion trading and diamond wholesaling HK$'000	All others HK$'000	Total HK$'000
Year ended 31 March 2017			
Reportable segment revenue	**400,787**	**553**	**401,340**
Interest income	**18**	**-**	**18**
Finance costs	**(5,000)**	**-**	**(5,000)**
Depreciation	**(1,524)**	**(8)**	**(1,532)**
Gain on write off/disposal of property, plant and equipment	**204**	**-**	**204**
Provision for and write down of inventories to net realisable value	**(12,491)**	**-**	**(12,491)**
Reversal of provision for and write down of inventories to net realisable value	**2,592**	**-**	**2,592**
Reversal of provision for impairment loss of other receivables	**413**	**-**	**413**
Reportable segment results	**(81,589)**	**(166)**	**(81,755)**
Corporate income			**25,257**
Corporate expenses			**(33,359)**
Dividend income			**596**
Fair value change of investments at fair value through profit or loss			**5,366**
Gain on disposal of a subsidiary			**1,128**
Provision for impairment loss of available-for-sale investments			**(27)**
Loss before taxation			**(82,794)**
At 31 March 2017			
Reportable segment assets	**655,867**	**-**	**655,867**
Corporate assets			**1,851**
Available-for-sale investments			**837**
Investments at fair value through profit or loss			**30,662**
Cash and cash equivalents			**81,414**
Total assets per consolidated balance sheet			**770,631**
Reportable segment liabilities	**34,924**	**-**	**34,924**
Corporate liabilities			**4,656**
Bank loans, unsecured			**78,000**
Total liabilities per consolidated balance sheet			**117,580**

4. 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$'000	Total HK$'000
Year ended 31 March 2016						
Revenue						
From external customers	604,168	8,103	-	612,271	-	612,271
Inter-segment sales	-	23	(23)	-	-	-
Reportable segment revenue	604,168	8,126	(23)	612,271	-	612,271
Interest income	103	-	-	103	-	103
Finance costs	(7,132)	-	-	(7,132)	-	(7,132)
Depreciation	(3,904)	(94)	-	(3,998)	-	(3,998)
Loss on write off/disposal of property, plant and equipment	(155)	-	-	(155)	-	(155)
Provision for and write down of inventories to net realisable value	(15,398)	-	-	(15,398)	-	(15,398)
Provision for impairment loss of property, plant and equipment	(7,461)	-	-	(7,461)	-	(7,461)
Reversal of provision for and write down of inventories to net realisable value	2,225	-	-	2,225	-	2,225
Reversal of provision for impairment loss of other receivables	973	-	-	973	-	973
Reportable segment results	(103,616)	(1,300)	-	(104,916)	(318)	(105,234)
Corporate income				33,311		33,311
Corporate expenses				(37,937)		(37,937)
Dividend income				59		59
Fair value change of investments at fair value through profit or loss				(10,571)		(10,571)
Provision for impairment loss of available-for-sale investments				(88)		(88)
Loss before taxation				(120,142)		(120,460)
At 31 March 2016						
Reportable segment assets	767,597	2,871	-	770,468	114	770,582
Corporate assets						2,048
Available-for-sale investments						864
Deferred tax assets						3,198
Investments at fair value through profit or loss						24,577
Cash and cash equivalents						90,308
Total assets per consolidated balance sheet						891,577
Reportable segment liabilities	39,425	2,098	-	41,523	2,813	44,336
Corporate liabilities						2,464
Bank loans, unsecured						105,000
Tax payable						7
Total liabilities per consolidated balance sheet						151,807

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

4. SEGMENT INFORMATION (Continued)

For each of the 2 years ended 31 March 2016 and 2017 respectively, no revenue from a single customer accounted for 10% or more of the total revenue of the Group.

5. REVENUE

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

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Continuing operations		
Gold ornament, jewellery, watch, fashion and gift retailing	**387,633**	592,248
Bullion trading	**11,395**	8,289
Diamond wholesaling	**1,759**	3,631
Income from provision of travel related products and services	**553**	8,103
Total revenue	**401,340**	612,271

6. LOSS BEFORE TAXATION

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

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Continuing operations		
Auditors' remuneration	**730**	752
Cost of inventories sold, including	**312,733**	478,486
- provision for and write down of inventories to net realisable value	**12,491**	15,398
- reversal of provision for and write down of inventories to net realisable value*	**(2,592)**	(2,225)
Depreciation of property, plant and equipment	**1,837**	4,406
Depreciation of investment properties	**32**	32
Directly write off of other receivables	**8**	-
Dividend income	**(596)**	(59)
Fair value change of investments at fair value through profit or loss	**(5,366)**	10,571
Foreign exchange differences, net	**243**	(233)
Gain on disposal of a subsidiary	**(1,128)**	-
(Gain)/loss on write off/disposal of property, plant and equipment	**(191)**	217
Interest income from financial assets at amortised cost	**(280)**	(275)
Operating lease charges in respect of properties	**95,569**	130,071
Operating lease charges in respect of furniture and fixtures	**592**	627
Outgoings in respect of investment properties	**90**	89
Provision for impairment loss of available-for-sale investments	**27**	88
Provision for impairment loss of debtors	**48**	-
Provision for impairment loss of property, plant and equipment	**-**	7,461
Provision for long service payments		
- provided against the account	**50**	-
- reversal of provision	**(20)**	(13)
Rental income on		
- owned properties	**(695)**	(658)
- operating sub-leases	**-**	(3)
Reversal of provision for impairment loss of other receivables	**(413)**	(973)

6. **LOSS BEFORE TAXATION** (Continued)

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

7. **TAXATION**

No Hong Kong profits tax and overseas profits tax has been provided for the year as the Group has no estimated assessable profit.

For the year ended 31 March 2016, taxation on overseas profits has been calculated on the estimated assessable profit at the rates of taxation prevailing in the jurisdictions in which the Group operates. No Hong Kong profits tax was provided for the year ended 31 March 2016 as the Group has no estimated assessable profit.

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

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Continuing operations		
Current tax		
- Hong Kong		
Over provision of prior years	**-**	(26)
- Overseas		
Current year	**-**	29
Deferred tax		
- Hong Kong		
Current year	**3,198**	(1,270)
Taxation charge/(credit)	**3,198**	(1,267)

8. **DISCONTINUED OPERATION**

At the end of September 2015, the business of construction services operated by the subsidiaries of the Company ceased. This business segment is presented as discontinued operation in accordance with HKFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*.

The results of the construction services segment for the year ended 31 March 2016 were as follows:

	HK$'000
Income	26
Expenses	(344)
Loss before taxation	(318)
Taxation	-
Loss for the year	(318)

The cash flows of the construction services segment for the year ended 31 March 2016 were as follows:

	HK$'000
Operating and total cash flows	(188)

9. LOSS PER SHARE

Continuing and discontinued operations

The calculation of basic loss per share is based on the consolidated loss for the year attributable to the shareholders of the Company of HK$85,987,000 (2016: HK$119,172,000) and the weighted average number of 913,650,465 (2016: 798,106,846) ordinary shares in issue during the year.

The weighted average number of ordinary shares for the purpose of calculating the basic loss per share for the year ended 31 March 2016 has not been adjusted for the rights issue of the Company completed on 9 September 2015 because the subscription price of the rights issue was higher than the closing market price per share on the business day immediately preceding the rights issue.

Diluted loss per share and basic loss per share for each of the 2 years ended 31 March 2016 and 2017 respectively are the same as there were no dilutive potential ordinary shares during both years.

Continuing operations

The calculation of basic loss per share from continuing operations is based on the consolidated loss for the year attributable to the shareholders of the Company from continuing operations of HK$85,987,000 (2016: HK$118,854,000) and the denominators detailed above for basic loss per share.

Diluted loss per share and basic loss per share from continuing operations for each of the 2 years ended 31 March 2016 and 2017 respectively are the same as there were no dilutive potential ordinary shares during both years.

Discontinued operation

There was no basic or diluted earnings or loss per share for the discontinued operation attributable to the shareholders of the Company during the year as there was no profit or loss arising from discontinued operation for the year.

For the year ended 31 March 2016, basic loss per share for the discontinued operation attributable to the shareholders of the Company was HK0.04 cent, which was based on the consolidated loss for the year ended 31 March 2016 from the discontinued operation of HK$318,000 and the denominators detailed above for basic loss per share.

Diluted loss per share and basic loss per share from discontinued operation for the year ended 31 March 2016 were the same as there were no dilutive potential ordinary shares during the year.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Trade debtors	**3,373**	2,862
Other receivables	**4,632**	13,981
Deposits and prepayments	**32,210**	37,046
	40,215	53,889

10. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

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

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Within 30 days	**3,353**	1,782
31 - 90 days	**20**	191
More than 90 days	**-**	889
	3,373	2,862

Trade debtors are normally due within 1 month.

11. CREDITORS, DEPOSITS RECEIVED, ACCRUALS AND DEFERRED INCOME

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Trade payables	**5,719**	9,502
Other payables and accruals	**7,661**	11,237
Deposits received and deferred income	**7,665**	7,790
	21,045	28,529

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

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Within 30 days	**2,810**	4,310
31 - 90 days	**276**	2,309
More than 90 days	**2,633**	2,883
	5,719	9,502

12. DISPOSAL OF A SUBSIDIARY

On 28 April 2016, the Company entered into a sale and purchase agreement to dispose of its subsidiary, Superior Travellers Services Limited ("STSL"), at the cash consideration of HK$1,000,000. STSL was engaged in sale of travel related products and provision of marketing services for sale of travel related products in Hong Kong. The operating activities of STSL were reported under "All others" in segment information (note 4). Since STSL did not represent or it was not part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or was not a subsidiary acquired exclusively with a view to sale, it is not presented as a discontinued operation.

After completion of the disposal, STSL ceased to be a subsidiary of the Company. The disposal of STSL was completed on the same date.

12. DISPOSAL OF A SUBSIDIARY (Continued)

The gain arising from the disposal was included as "Other operating income" in the consolidated income statement and is calculated as follows:

	HK$'000	HK$'000
Assets and liabilities over which control was lost:		
Property, plant and equipment	**414**	
Debtors, deposits and prepayments	**1,880**	
Cash and cash equivalents	**13**	
Creditors, deposits received, accruals and deferred income	**(2,435)**	
Net liabilities disposed of		**(128)**
Gain on disposal of a subsidiary		**1,128**
Total consideration		**1,000**
Satisfied by:		
Cash		**1,000**
Net cash inflow arising on disposal:		
Cash consideration received		**1,000**
Cash and cash equivalents disposal of		**(13)**
		987

DIVIDEND

The Board of the Company has resolved not to recommend the payment of a final dividend for the year ended 31 March 2017 (2016: Nil) to shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Group Results

The Group's revenue from continuing operations for the year under review decreased by 34.5% to HK$401,340,000 from HK$612,271,000 for the previous year, while the Group's gross profit for the year under review only decreased by 32.2% to HK$95,752,000 as compared with HK$141,261,000 for the previous year, as the gross profit margin improved to 23.9% compared with 23.1% for the previous year. The Group's distribution and selling costs for the year under review decreased by 23.6% to HK$146,708,000 as compared with HK$192,121,000 for the previous year, and the decrease was mainly attributable to the decrease in rental and staff costs upon the closure of three retail shops in the year under review. The Group's administrative expenses for the year under review decreased by 25.1% to HK$36,608,000 as compared with HK$48,904,000 for the previous year, and the decrease was mainly attributable to the decrease in staff costs.

The Group's consolidated loss attributable to the shareholders of the Company from continuing operations for the year ended 31 March 2017 decreased by 27.7% to HK$85,987,000 as compared with HK$118,854,000 for the previous year. The loss per share from continuing operations was HK9.41 cents (2016: HK14.89 cents).

Business Review

The revenue of the Group's retailing business for the year ended 31 March 2017 decreased by 34.5% to HK$387,633,000 from HK$592,248,000 for the previous year.

Such decrease was due to the closure of 3 underperforming retail shops of the Group and weak customer spending for luxury goods. During the year under review, the shops closed were located at Causeway Bay, Tsim Sha Tsui and Admiralty respectively. The Group changed a retail shop in Central selling fashion to King Fook Jewellery shop. The number of retail shops of the Group as at 31 March 2017 was 6. For the year under review, the business environment of the luxury goods retail market continued to be severe and challenging. Spending of tourists from Mainland China was adversely affected by Mainland China's decelerating economic growth. On the other hand, local consumption sentiment was negatively impacted by the uncertain global economic outlook, causing a further decline in demand in the luxury goods retail market.

The revenue of the Group's bullion trading for the year ended 31 March 2017 recorded an increase of 37.5% to HK$11,395,000 as compared with the previous year due to customers' demand growth for gold bullion.

Future Outlook

Looking forward, the Group expects the sluggish market conditions to continue and the challenge to the luxury goods retail market will be severe. It will take stringent control on inventory management, and will continue to implement rigorous costs control and improve operating efficiency by streamlining the operations and optimising internal resources in order to achieve better results. The unfavorable retail environment has suppressed the rent in prime shopping areas. The Group will closely monitor the market trends and will take actions to adjust its shop network and business plan as appropriate.

The Group will continue to launch quality and exquisite King Fook jewellery 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 customers. The Group will continue to launch various marketing activities and promotional events to maintain good relationship with existing customers and attract new customers.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions of the Corporate Governance Code (the "Code") set out in appendix 14 to the Listing Rules throughout the year except the 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 meeting of the Company at least once every 3 years in accordance with the Articles of Association of the Company. The retiring directors shall be eligible for re-election.

Code provisions A.5.1 to A.5.4

The Company has not established a nomination committee. In view of the current structure of 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.

CORPORATE GOVERNANCE PRACTICES (Continued)

Code provision D.1.4

Except for Mr. Yeung Ping Leung, Howard (who ceased to be a director of the Company on 1 July 2016), 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 OF ANNUAL RESULTS

The audit committee of the Company has reviewed with the management of the Group the accounting policies and practices adopted by the Group, its system of risk management and internal control and financial reporting matters including review of the results for the year ended 31 March 2017.

SCOPE OF WORK OF BDO LIMITED

The figures in this preliminary announcement in respect of the Group's results for the year ended 31 March 2017 have been reviewed and agreed by the Group's auditor, BDO Limited ("BDO"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO on this preliminary announcement.

DISCLOSURE UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE

The financial information of the Group relating to the 2 years ended 31 March 2016 and 2017 respectively included in this preliminary announcement of the annual results for the year ended 31 March 2017 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 March 2017 in due course.

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

By order of the Board
Tang Yat Sun, Richard
Chairman

Hong Kong, 23 June 2017

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