

DICKSON

ANNUAL
REPORT 2016

Stock Code: 015



DICKSON CONCEPTS (INTERNATIONAL) LIMITED

迪生創建(國際)有限公司

(incorporated in Bermuda with limited liability)

ANNUAL REPORT 2016

Stock Code: 0113

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Board of Directors :

Group Executive Chairman :

Dickson Poon

Executive Directors :

Chan Tsang Wing, Nelson

(Chief Operating Officer)

Chan Hon Chung, Johnny Pollux

Lau Yu Hee, Gary

Independent Non-Executive Directors :

Bhanusak Asvaintra

Nicholas Peter Etches

Leung Kai Hung, Michael

Company Secretary :

Or Suk Ying, Stella

Audit Committee :

Nicholas Peter Etches **(Chairman)**

Bhanusak Asvaintra

Leung Kai Hung, Michael

Nomination Committee :

Dickson Poon **(Chairman)**

Bhanusak Asvaintra

Nicholas Peter Etches

Remuneration Committee :

Bhanusak Asvaintra **(Chairman)**

Chan Tsang Wing, Nelson

Nicholas Peter Etches

Independent Auditor :

KPMG

Certified Public Accountants,

Hong Kong.

Head Office and Principal Place of Business :

4th Floor, East Ocean Centre,

98 Granville Road,

Tsimshatsui East,

Kowloon, Hong Kong.

Registered Office :

Clarendon House,

2 Church Street,

Hamilton HM 11,

Bermuda.

Principal Bankers :

BNP Paribas

Crédit Agricole Corporate and Investment Bank

Standard Chartered Bank (Hong Kong) Limited

The Hongkong and Shanghai Banking Corporation Limited

Share Registrar in Hong Kong :

Tricor Tengis Limited

Level 22, Hopewell Centre,

183 Queen's Road East,

Hong Kong.

Share Registrar in Bermuda :

Codan Services Limited

Clarendon House,

2 Church Street,

Hamilton HM 11,

Bermuda.

Place of Share Listing :

The Stock Exchange of Hong Kong Limited

Stock Code :

The Stock Exchange of Hong Kong Limited : 0113

Website :

<http://www.dickson.com.hk>



For the financial year ended 31st March, 2016, the Group achieved sales of HK\$3,621.3 million. Comparable store sales, adjusted for discontinued and new stores, decreased by 13.6 per cent..

The Group's full year net loss from operations was HK\$126.3 million. As a result of the declining retail climate, a non-cash impairment charge of HK\$161.9 million was made on intangible asset and fixed assets of certain retail stores. Full year net loss attributable to equity shareholders was HK\$288.2 million.

It should also be noted that the impairment charge of HK\$161.9 million as a result of the poor retail climate is non-cash in nature and has no impact on the Group's cash position.

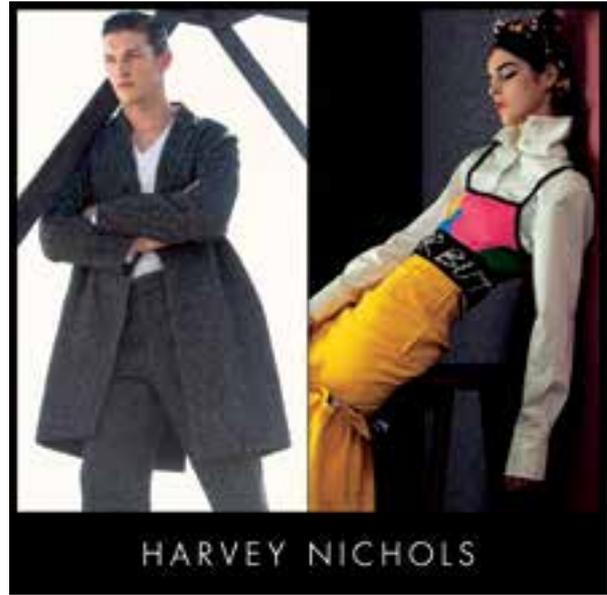
The Group has net cash of HK\$1.3 billion and is in an extremely strong financial position.

Financial Results and Final Dividend

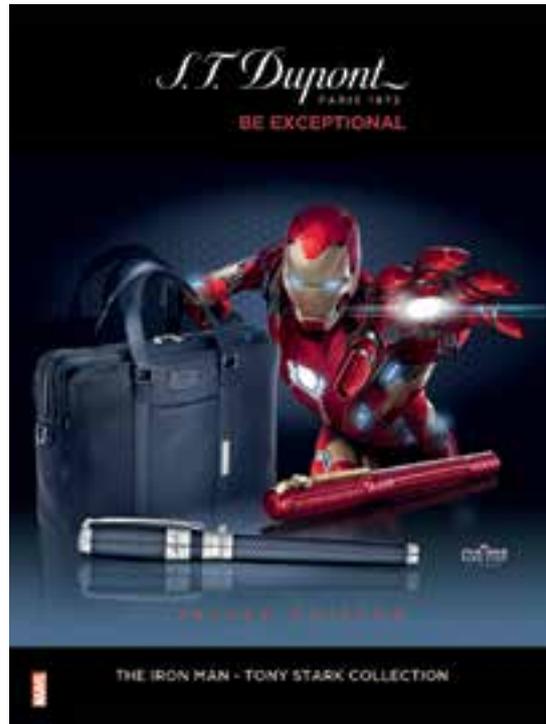
Turnover for the year ended 31st March, 2016 was HK\$3,621.3 million, a decrease of 16.2 per cent. compared to HK\$4,322.2 million in the previous year.

Loss attributable to equity shareholders was HK\$288.2 million compared to HK\$110.3 million in the previous year.

In view of these results but with the strong net cash position of the Group, the Board is recommending the payment of a final dividend of HK11 cents per ordinary share, compared to a final dividend of HK6 cents per ordinary share in the previous year.



Fashion at Harvey Nichols.
於「Harvey Nichols」的時裝。



S.T. Dupont 'THE IRON MAN - TONY STARK COLLECTION'
writing instruments and leathersgoods.
「都彭」的「THE IRON MAN - TONY STARK COLLECTION」
書寫文具及皮具。



*Christofle 'MOOD' collection tableware.
「Christofle」的「MOOD」系列餐具。*



*Handbag by Tod's.
「Tod's」手袋。*

Review of Operations

The Group opened 11 new shops during the year. Its retail network as at 31st March, 2016 totalled 132 shops comprising 30 shops in Hong Kong, 23 in China, 4 in Macau, 65 in Taiwan and 10 in Singapore and Malaysia.

Since 2015, to tackle the poor retail climate, retailers and leading brands in all sectors have been very aggressive in sales and promotional activities with discounts much higher than in previous years. Sales were largely achieved at the expense of margin. This trend has continued into 2016 and there is no sign of improvement. To tackle this issue, the Group managed to successfully achieve an improvement in gross margin by 1.1 percentage point through a change of sales mix.

What the Hong Kong retail industry is facing is not just a slowing of the economy and a decline in mainland Chinese or high spending tourists from other countries, but it is coupled with an extremely high cost base, ranging from rental to marketing and staff costs. Additionally, leading international brands have also restructured their pricing strategies. Particularly impactful to Hong Kong is the fact that retail prices in Japan, which have traditionally been higher than Hong Kong, have been reduced to similar level as here. When coupled with any weakness of the Japanese Yen, retail prices can be 5 to 10 per cent. lower than in Hong Kong, making it even more attractive for tourists to shop in Japan.

In Taiwan, Singapore and Malaysia, the retail sentiments remain weak. Improvement is not expected in the near term.

Geographically, 68 per cent. of sales was generated in Hong Kong, 18 per cent. in Taiwan, 8 per cent. in China and 6 per cent. in the rest of South East Asia.

In terms of sales mix, fashion and accessories represented 51 per cent., watches and jewellery 24 per cent. and cosmetics and beauty products 25 per cent..

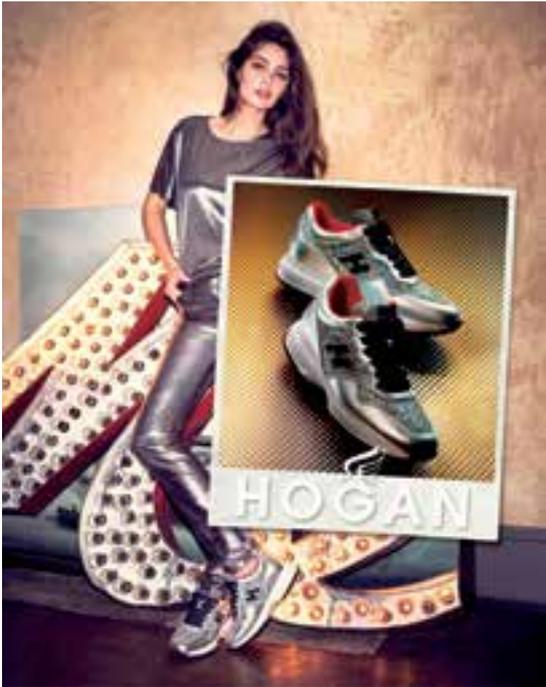
The Group has actively been looking into diversifying its income base and, as announced on 5th April, 2016, investing in listed and unlisted companies has become another core activity of the Group. We have actively been examining such opportunities and will continue to expand our investments.



*Cosmetics and beauty products at Beauty Avenue.
於「Beauty Avenue」的化妝及美容產品。*



*Fashionwear by Tommy Hilfiger.
「Tommy Hilfiger」時裝。*



Shoes by Hogan.
「Hogan」鞋履。

Board of Directors and Employees

I would like to take this opportunity to thank my fellow Directors and all the Group's employees for all their commitment and contribution during the year. Without their hard working and dedication, we would not have achieved our solid results this year.



Shoes by Giuseppe Zanotti Design.
「Giuseppe Zanotti Design」鞋履。

Future Prospects

The Hong Kong retail market has further deteriorated and the retail climate in China and South East Asia remains to be extremely weak. As such, the Group regards the retail sector with pessimism in the foreseeable future and will rigorously control costs and expenses at all levels of operation. The Group will also adopt a very cautious approach to its further expansion and development strategies.

With its substantial net cash position of HK\$1,316.2 million, the Group is well positioned to take advantage of any suitable investment opportunities that arise and which will diversify and broaden its earnings base.



*Handbag and shoes by Roger Vivier.
「Roger Vivier」手袋及鞋履。*

A stylized, handwritten signature in black ink, consisting of several bold, sweeping strokes.

Dickson Poon
Group Executive Chairman

Hong Kong, 30th May, 2016

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of the Company will be held at 4th Floor, East Ocean Centre, 98 Granville Road, Tsimshatsui East, Kowloon, Hong Kong on Thursday, 21st July, 2016 at 11:30 a.m. for the following purposes :-

1. To receive and consider the Reports of the Directors and the Independent Auditor and the Financial Statements for the year ended 31st March, 2016.
2. To approve the payment of the final dividend recommended by the Directors in respect of the year ended 31st March, 2016.
3. To re-elect Directors and to fix the Directors' fees.
4. To re-appoint the Independent Auditor for the ensuing year and to authorise the Directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass with or without modifications the following resolution as an Ordinary Resolution :-

“THAT :-

- (A) subject to paragraph 5(C) below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (B) the approval in paragraph 5(A) shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph 5(A), otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) any scrip dividend scheme or similar arrangement pursuant to the New Bye-Laws of the Company from time to time; or (iii) any share option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and / or any of its subsidiary companies of shares or rights to acquire shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution and the said approval shall be limited accordingly; and
- (D) for the purpose of this Resolution :-

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of :-

- (i) the conclusion of the next Annual General Meeting of the shareholders of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the shareholders of the Company is required by the New Bye-Laws of the Company or any applicable laws to be held; and

- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in General Meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares, or any class thereof on the Register of Members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

- 6. As special business, to consider and, if thought fit, pass with or without modifications the following resolution as an Ordinary Resolution :-

“**THAT** :-

- (A) subject to paragraph 6(C) below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase issued shares in the share capital of the Company subject to and in accordance with all applicable laws be and is hereby generally and unconditionally approved;
- (B) the approval in paragraph 6(A) shall be in addition to any other authorisation given to the Directors of the Company;
- (C) the aggregate nominal amount of share capital purchased or agreed conditionally or unconditionally to be purchased by the Company pursuant to the approval in paragraph 6(A) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution and the said approval shall be limited accordingly; and
- (D) for the purpose of this Resolution :-

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of :-

- (i) the conclusion of the next Annual General Meeting of the shareholders of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the shareholders of the Company is required by the New Bye-Laws of the Company or any applicable laws to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in General Meeting.”

7. As special business, to consider and, if thought fit, pass with or without modifications the following resolution as an Ordinary Resolution :-

“**THAT** conditional upon the passing of the Ordinary Resolutions as set out in paragraphs 5 and 6, the general mandate granted to the Directors of the Company pursuant to paragraph 5(A) be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted in paragraph 6, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution.”

By Order of the Board



Or Suk Ying, Stella
Company Secretary

Hong Kong, 23rd June, 2016

Registered Office :

Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda.

Head Office and Principal Place of Business :

4th Floor, East Ocean Centre,
98 Granville Road,
Tsimshatsui East,
Kowloon,
Hong Kong.

Notes :-

1. A shareholder entitled to attend and vote at the above meeting (or at any adjournment thereof) is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him / her. A shareholder may appoint a proxy in respect of part only of his / her holding of ordinary shares in the Company. A proxy need not also be a shareholder of the Company.
2. Where there are joint registered holders of any ordinary share, any one of such persons may vote at the above meeting, either personally or by proxy, in respect of such ordinary share as if he / she were solely entitled thereto; but if more than one of such joint holders are present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members of the Company in respect of such ordinary share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the completed proxy form, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be lodged with the Company's Hong Kong Branch Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 11:30 a.m. on Tuesday, 19th July, 2016.
4. For the purpose of ascertaining shareholders' right to attend and vote at the above meeting, the Register of Members of the Company will be closed from Wednesday, 20th July, 2016 to Thursday, 21st July, 2016, both days inclusive, during which period no transfer of shares will be effected. In order for a shareholder to be eligible to attend and vote at the above meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Tricor Tengis Limited, at the address as mentioned in Note 3 above not later than 4:30 p.m. on Tuesday, 19th July, 2016.
5. For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Thursday, 28th July, 2016 to Friday, 29th July, 2016, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend (subject to shareholders' approval at the above meeting), all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Tricor Tengis Limited, at the address as mentioned in Note 3 above not later than 4:30 p.m. on Wednesday, 27th July, 2016.
6. With regard to item 3 of this Notice, details of the three retiring Directors who have offered themselves for re-election at the above meeting are contained in Appendix I to the circular accompanying the 2016 Annual Report of the Company. Separate resolutions will be proposed for the aforesaid re-election.
7. With regard to item 5 of this Notice, the Directors wish to state that, currently, they have no plans to issue any additional new ordinary shares of the Company. The present general mandate given by shareholders pursuant to the provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") will expire at the above meeting and, accordingly, a renewal of that general mandate is now being sought.
8. With regard to items 6 and 7 of this Notice, the present general mandate given by shareholders pursuant to the provisions of the Listing Rules and the Code on Share Buy-backs ("the Share Buy-Backs Code") will expire at the above meeting and, accordingly, a renewal of that general mandate is now being sought. In accordance with the Listing Rules and the Share Buy-Backs Code, the terms and conditions upon which such power will be exercised are contained in the circular as mentioned in Note 6 above.

9. Completion and return of the proxy form will not preclude a shareholder from attending and voting in person at the above meeting (or at any adjournment thereof) if he / she so wishes. In that event, the shareholder's proxy form will be deemed to have been revoked.
10. Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions to be proposed at the above meeting will be decided by way of a poll.
11. In the event of typhoon signal No. 8 or above or a "black" rainstorm warning is hoisted / issued and remains hoisted / in issue at any time after 9:00 a.m. on the date of the above meeting, then the above meeting will be postponed. The Company will post an announcement on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.dickson.com.hk to notify shareholders of the date, time and place of the rescheduled meeting.
12. In case of any conflict between any translation and the English text hereof, the English text will prevail.
13. As at the date of this Notice, the Board of Directors of the Company comprises :-

Executive Directors :

Dickson Poon (*Group Executive Chairman*)
Chan Tsang Wing, Nelson (*Chief Operating Officer*)
Chan Hon Chung, Johnny Pollux
Lau Yu Hee, Gary

Independent Non-Executive Directors :

Bhanusak Asvaintra
Nicholas Peter Etches
Leung Kai Hung, Michael

The board of directors (“the Board”) has pleasure in presenting the annual report together with the audited financial statements for the year ended 31st March, 2016.

Group Activities

The Company’s activity is that of investment holding. The principal activity of the Group is the sale of luxury goods.

The analysis of the principal activities and geographical locations of the operations of the Group during the financial year are set out in Note 2 on the financial statements.

Business Review

For the financial year ended 31st March, 2016, the Group achieved sales of HK\$3,621.3 million. Comparable store sales, adjusted for discontinued and new stores, decreased by 13.6 per cent.. As a result of a change in sales mix, gross margin increased by 1.1 percentage point.

The Group’s full year net loss from operations was HK\$126.3 million. As a result of the declining retail climate, a non-cash impairment charge of HK\$161.9 million was made on intangible asset and property, plant and equipment of certain retail stores. Full year net loss attributable to equity shareholders was HK\$288.2 million.

Review of Operations

The Group opened 11 new shops during the year. Its retail network as at 31st March, 2016 totalled 132 shops comprising 30 shops in Hong Kong, 23 in China, 4 in Macau, 65 in Taiwan and 10 in Singapore and Malaysia.

Geographically, 68 per cent. of sales was generated in Hong Kong, 18 per cent. in Taiwan, 8 per cent. in China and 6 per cent. in the rest of South East Asia.

In terms of sales mix, fashion and accessories represented 51 per cent., watches and jewellery 24 per cent. and cosmetics and beauty products 25 per cent..

Future Prospects

The Hong Kong retail market has further deteriorated and the retail climate in China and South East Asia remains to be extremely weak. As such, the Group regards the retail sector with pessimism in the foreseeable future and will rigorously control costs and expenses at all levels of operation. The Group will also adopt a very cautious approach to its further expansion and development strategies.

With its substantial net cash position of HK\$1,316.2 million, the Group is well positioned to take advantage of any suitable investment opportunities that arise and which will diversify and broaden its earnings base.

Principal risks and uncertainties facing the Group

The Group recognises that external events may occur which affect the economic environment in which the Group operates and hence affect its customers and suppliers. The business is managed by an experienced management team who have a close involvement in the day to day running of the business, which ensures that the Group is prepared for, and can react quickly by adapting its business to, changes in the economic environment.

Compliance with relevant laws and regulations

During the year under review, as far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

Relationships with employees, customers and suppliers

The Group values its employees and recognises the importance of personal development of employees. The Group strives not only to provide a safe and healthy workplace for employees but also to create a positive working environment that balances the needs of the business with the needs of individual employees. The Group provides competitive remuneration packages to attract and motivate employees, and reviews these regularly to ensure the remuneration packages conform to the market standard.

The Group understands the importance of maintaining good customer relationships. Through the maintenance of customer databases, the Group is able to provide customers with information on updated fashion trends, new products and promotion events. The Group is also able to get feedback from customers and better understand customer needs and demands.

The Group also understands the importance of maintaining good relationships with suppliers and business partners to achieve long-term business goals. Accordingly, directors and senior management have kept good communication, promptly exchanged ideas and shared business updates with them when appropriate.

Environmental policy

The Group is committed to building an environmentally-friendly corporation. Green office practices such as double-sided printing and copying, setting up recycling bins, promoting using recycled paper and reducing energy consumption by switching off idle lighting and electrical appliances are encouraged in the operation of the Group's businesses. The Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices to enhance environmental sustainability.

Financial statements

The results of the Group for the year ended 31st March, 2016 and the financial position of the Company and the Group at that date are set out in the financial statements on pages 45 to 95.

Dividends

The Board resolved not to declare an interim dividend in respect of the year ended 31st March, 2016 (2015 : Nil).

The Board recommends the payment of a final dividend of HK11 cents (2015 : HK6 cents) per ordinary share in respect of the year ended 31st March, 2016.

Share Capital and Reserves

Movements in share capital and reserves during the year are set out in Notes 20 and 21 on the financial statements respectively.

Share Option Scheme

Details of the Share Option Scheme of the Company are set out in Note 20 on the financial statements.

Share Purchase, Sale and Redemption

Details of ordinary shares repurchased by the Company on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) during the year ended 31st March, 2016 are set out in Note 20 on the financial statements.

Save as disclosed in Note 20, there was no purchase, sale or redemption by the Company, or any of its subsidiary companies, of the Company’s ordinary shares during the year ended 31st March, 2016 and up to the date of this report.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company’s New Bye-Laws although there is no restriction against such rights under the laws of Bermuda.

Charitable Donations

Donations made by the Group during the year amounted to HK\$360,000.

Property, plant and equipment

Movements in property, plant and equipment during the year are set out in Note 10 on the financial statements.

Borrowings

Bank loans are set out in Note 17 on the financial statements.

Retirement Schemes

Retirement schemes operated by the Group during the year are outlined in Notes 1(o), 4, 18 and 23 on the financial statements.

Principal Subsidiary Companies

Particulars of the Company's principal subsidiary companies are set out on pages 92 to 95.

Management Contracts

No contracts concerning the management and / or administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Corporate Strategy

The Group's strategy is to cater to the Asian market's demand for quality branded products through a combination of licensed brands, the Group's own brands, and own retail platforms. Our corporate values rest in growing the presence of our existing businesses and identifying new business and investment opportunities not limited to our current businesses in order to deliver value to both our customers and our shareholders. All such opportunities will continue to be diligently and carefully evaluated by the Board with the primary view of further enhancing the Group's financial and market position as well as delivering value to our shareholders. We believe implementing disciplined business strategies and prudent financial management serves this purpose by preserving the longevity and sustainability of our businesses. We also believe in maintaining a conservative balance sheet so we can take advantage of any investment opportunities of exceptional value as and when they arise.

Employment and Remuneration Policies

As at 31st March, 2016, the Group had 1,666 (2015 : 2,445) employees. Total staff costs (including directors' emoluments) amounted to HK\$578.0 million (2015 : HK\$644.9 million). Remuneration policies are reviewed regularly by the Board and by the Remuneration Committee in respect of directors and senior management. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective countries and businesses in which the Group operates.

Liquidity and Financial Resources

During the year, the Group generated net cash from operating activities of HK\$150.5 million (2015 : HK\$169.6 million) which included operating cash flow after changes in working capital of HK\$174.6 million (2015 : HK\$183.5 million) and tax payments of HK\$24.1 million (2015 : HK\$13.9 million).

The net cash utilisation in investing activities was HK\$35.8 million (2015 : net cash surplus of HK\$102.2 million) during the year which included net cash utilisation in other financial assets of HK\$45.7 million (2015 : net cash surplus of HK\$244.1 million) and net capital expenditure of HK\$42.3 million (2015 : HK\$115.4 million).

Together with other financing activities including repurchase of shares of HK\$30.5 million (2015 : HK\$3.3 million) and dividend payments of HK\$23.2 million (2015 : HK\$34.6 million), the surplus of net cash inflow over utilisation increased the Group's cash and bank deposits as at 31st March, 2016 to HK\$1,391.1 million (2015 : HK\$1,387.1 million). The Group's net liquid financial resources as at 31st March, 2016 were HK\$1,316.2 million (2015 : HK\$1,317.0 million) comprising cash and bank deposits of HK\$1,391.1 million less short-term bank borrowings of HK\$74.9 million.

Foreign Currency Exposure and Financial Management

Merchandise purchased by the Group is mainly denominated in United States Dollars, Euros, Pounds Sterling and Swiss Francs. Where appropriate, forward foreign exchange contracts are utilised to purchase the relevant currency to settle amounts due and it is the Group's policy that such foreign exchange contracts or foreign currency purchases are strictly limited to approved purchase budget amounts or actual purchase commitments.

Exposure to fluctuations in the exchange rate of regional currencies in respect of the Group's overseas operations is minimised by utilising local currency borrowings, where necessary, to fund working capital and capital expenditure requirements with repayment from funds generated from local sales.

Financial risk management for the Group is the responsibility of the treasury department based in Hong Kong which implements the policies and guidelines issued by the Board. Surplus cash is held mainly in United States Dollars, New Taiwan Dollars, Hong Kong Dollars and Renminbi with the majority placed on short-term deposits with established international banks and invested in debt securities issued by corporations with acceptable credit ratings.

As at 31st March, 2016, the Group's current ratio, being current assets divided by current liabilities, was 3.1 times (as at 31st March, 2015 : 3.4 times). The Group has maintained a net surplus cash position throughout the financial year under review and its gearing ratio, being total bank borrowings net of cash balances as a percentage of consolidated capital and reserves is Nil (as at 31st March, 2015 : Nil).

Financial Summary

The results, assets and liabilities of the Group for the last five years are summarised on page 96.

Major Customers and Suppliers

During the year, the Group sold less than 30 per cent. of its goods and services to its five largest customers.

The percentages of purchases for the year attributable to the Group's major suppliers are as follows :-

The largest supplier	23 per cent.
Five largest suppliers in aggregate	55 per cent.

Directors

The directors during the year were :-

Dickson Poon	(Group Executive Chairman)
Chan Tsang Wing, Nelson	(Executive Director and Chief Operating Officer)
Chan Hon Chung, Johnny Pollux	(Executive Director)
Lau Yu Hee, Gary	(Executive Director)
Ng Chan Lam	(Executive Director) (Retired and resigned on 1st December, 2015)
Bhanusak Asvaintra	(Independent Non-Executive Director ("INED"))
Nicholas Peter Etches	(INED)
Leung Kai Hung, Michael	(INED)

In accordance with Bye-law 111(A) of the Company's New Bye-Laws, Mr. Lau Yu Hee, Gary (an Executive Director), Mr. Bhanusak Asvaintra and Mr. Nicholas Peter Etches (both Mr. Asvaintra and Mr. Etches are INEDs) shall retire from office by rotation at the forthcoming annual general meeting of the shareholders of the Company to be held on Thursday, 21st July, 2016. All these three retiring Directors, being eligible, have offered themselves for re-election. None of the Directors offering themselves for re-election has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' Biographies

Sir Dickson Poon *(Group Executive Chairman)*

Sir Dickson, aged 59, is the founder and a substantial shareholder of the Group. He established the Dickson group business in 1980 and was appointed an Executive Director of the Company in November 1991 and has been the Group Executive Chairman since February 1992. Sir Dickson provides leadership for the Board and ensures that the Board discharges its responsibilities effectively and efficiently. The relationship between Sir Dickson and Dickson Investment Holding (PTC) Corporation which has a notifiable interest in the Company under the provisions of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("the SFO") is mentioned in the "Directors' Interests" and "Substantial Shareholders' and Other Persons' Interests" sections of this report.

Mr. Chan Tsang Wing, Nelson *(Executive Director and Chief Operating Officer)*

Mr. Chan, aged 60, was appointed an Executive Director in February 2000 and the Chief Operating Officer in March 2011. He is a Fellow of The Institute of Chartered Accountants in England and Wales, and was previously chief executive of a major international trading group.

Mr. Chan Hon Chung, Johnny Pollux *(Executive Director)*

Mr. Chan, aged 56, joined the Group in October 1983 and was appointed an Executive Director in September 2011. He is a Fellow of The Hong Kong Institute of Certified Public Accountants and is in charge of the financial reporting function of the Group. Prior to joining the Group, Mr. Chan acquired extensive audit experience in an international audit firm in Hong Kong.

Mr. Lau Yu Hee, Gary (*Executive Director*)

Mr. Lau, aged 62, joined the Group in June 1990 and was appointed an Executive Director in January 2008. Educated in Hong Kong, Mr. Lau started his career as a journalist and later moved on to work for a French company distributing luxury goods in the region before joining the Group. He is currently in charge of the Group's watch and jewellery business in Taiwan.

Mr. Bhanusak Asvaintra (*INED*)

Mr. Asvaintra, aged 71, was appointed an INED in September 2004. A graduate of the University of Pennsylvania and the University of Chicago, he held senior executive positions with the Chase Manhattan Bank group in New York, Hong Kong and Singapore in the 1970s. Mr. Asvaintra joined the Charoen Pokphand group of companies in 1980 and retired as its chief executive officer in 1998.

Mr. Nicholas Peter Etches (*INED*)

Mr. Etches, aged 67, was appointed an INED in June 2004. He has over 34 years auditing experience with clients in a range of industries, also specialising in the fields of banking and finance as well as insolvency and corporate recovery practice. He is a Fellow of The Institute of Chartered Accountants in England and Wales and a Fellow of the Hong Kong Institute of Certified Public Accountants of which he was the President in 1995. Mr. Etches joined one of the leading international accounting firms in London in 1967, transferred to the firm's Hong Kong office in 1975 and became a partner in 1978 until his retirement in 2002.

Mr. Leung Kai Hung, Michael (*INED*)

Mr. Leung, aged 73, was appointed an INED in January 2014. A graduate of the University of Hong Kong, he is an entrepreneur with extensive international experience in garment manufacturing and trading. Mr. Leung is the executive chairman of the Onwel Group which he formed in 1969 and serves as a council member of various schools and associations, holding a directorship in one other listed company.

Disclosure of Interests

Directors' Interests

As at 31st March, 2016, the interests and short positions of the directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("the Directors' Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities ("the Listing Rules") on the Stock Exchange were as follows :-

Dickson Concepts (International) Limited

Name of Director	Capacity	Ordinary shares of HK\$0.30 each				Total	Percentage ⁽ⁱⁱ⁾
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
Dickson Poon	Beneficial owner and trust founder	15,358	–	–	190,033,847 ⁽ⁱ⁾	190,049,205	49.95

Notes :-

- (i) These shares are held through two trusts.
- (ii) Percentage which the aggregate long position in shares represents to the issued share capital of the Company.

In addition, Sir Dickson Poon is deemed to be interested in the share capital of all the subsidiary and associated companies of the Company by virtue of his interest in the Company.

Save as referred to above, as at 31st March, 2016, none of the directors had any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept by the Company under Section 352 of the SFO or which are notified to the Company and the Stock Exchange pursuant to the Directors' Model Code.

Save as disclosed in the "Continuing Connected Transactions" section of this report, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiary companies was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

As at 31st March, 2016, no share options had been granted to the directors under the share option scheme which was adopted on 18th July, 2013.

Save as disclosed above, at no time during the year was the Company or any of its subsidiary companies a party to any arrangements to enable the directors or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Substantial Shareholders' and Other Persons' Interests

As at 31st March, 2016, the interests and short positions of the persons (other than the directors) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows :-

Dickson Concepts (International) Limited

Name of shareholder	Ordinary shares of HK\$0.30 each	Percentage ⁽ⁱⁱⁱ⁾	Capacity
Yu Kwai Chu, Pearl	190,049,205 ⁽ⁱ⁾	49.95	Interest of spouse
Dickson Investment Holding (PTC) Corporation ("DIHPTC")	190,033,847 ⁽ⁱⁱ⁾	49.95	Trustee
Paicolex Trust Company (BVI) Limited ("Paicolex BVI")	190,033,847 ⁽ⁱⁱ⁾	49.95	Trustee
Paicolex Trust Management AG ("Paicolex AG")	190,033,847 ⁽ⁱⁱ⁾	49.95	Trustee
Brandes Investment Partners, L.P.	31,178,750	8.20	Investment manager

Notes :-

- (i) These shares refer to the family interest attributable to Sir Dickson Poon, the spouse of Ms. Yu Kwai Chu, Pearl.
- (ii) These shares refer to the same block of shares. DIHPTC, Paicolex BVI and Paicolex AG are trustees of two trusts. These shares are also included in the 190,033,847 shares which were disclosed as "Other Interests" of Sir Dickson Poon in the "Directors' Interests" section of this report. Sir Dickson Poon is a director of DIHPTC.
- (iii) Percentage which the aggregate long position in shares represents to the issued share capital of the Company.

Save as disclosed above and in the "Directors' Interests" section of this report, the Company has not been notified by any person who had an interest or short position in the shares or underlying shares of the Company as at 31st March, 2016 which is required to be notified to the Company pursuant to Part XV of the SFO or which is recorded in the register required to be kept by the Company under Section 336 of the SFO.

Continuing Connected Transactions

1. During the year, the Group has on an on-going basis conducted transactions with the S.T. Dupont Group (i.e. S.T. Dupont S.A., a company incorporated in France with limited liability, the shares of which are listed on the Euronext Paris in France and which is owned as to 79.61 per cent. of its issued share capital by a trust established for the benefit of the family members of Sir Dickson Poon, the Group Executive Chairman, together with its subsidiary companies, which are principally engaged in the manufacture and distribution of luxury lighters, writing instruments, leather goods, accessories, ready-to-wear clothing, watches and fragrances under the brand name of “S.T. Dupont”). These transactions involve sales and purchases of merchandise, provision of management and supporting services, provision of interior design services, licensing of a sales corner and payment of sublicense fee, all of which are conducted on normal commercial terms and in the ordinary and usual course of business of the Group, details of which are set out as follows :-
 - (a) On 20th March, 2015, Dickson Concepts Limited (“DCL”), a member of the Group, as seller and S.T. Dupont Marketing Limited (“STDML”), a member of the S.T. Dupont Group, as purchaser entered into a merchandise sale and purchase renewal agreement (“the Agreement No. 1”) regarding the sales of certain merchandise by the Group to the S.T. Dupont Group including, but not limited to, luxury lighters, writing instruments, leather goods, accessories, ready-to-wear clothing, watches as well as fragrances under the brand name of “S.T. Dupont” or names of product lines under “S.T. Dupont” (for that merchandise manufactured in the People’s Republic of China (“PRC”) only) for a period of three years commencing from 1st April, 2015 and ending on 31st March, 2018. The selling prices of the obsolete merchandise are set at the Group’s purchase cost of the obsolete merchandise while the selling prices of other merchandise are set at the standard wholesale prices of the Group, due upon shipment of the merchandise and to be settled in cash with a credit period of up to 60 days. The maximum annual caps received / receivable by the Group for the sales of merchandise to the S.T. Dupont Group under the Agreement No. 1 for the financial years ended / ending 31st March, 2016, 31st March, 2017 and 31st March, 2018 are HK\$34,603,000, HK\$36,333,000 and HK\$38,150,000 respectively. The sales of merchandise by the Group to the S.T. Dupont Group under the Agreement No. 1 during the year was HK\$14,117,000 which was below the maximum annual cap of HK\$34,603,000.
 - (b) On 20th March, 2015, STDML, a member of the S.T. Dupont Group, as seller and DCL, a member of the Group, as purchaser entered into a merchandise sale and purchase renewal agreement (“the Agreement No. 2”) regarding the purchases of certain merchandise by the Group from the S.T. Dupont Group including, but not limited to, luxury lighters, writing instruments, leather goods, accessories, ready-to-wear clothing, watches as well as fragrances under the brand name of “S.T. Dupont” or names of product lines under “S.T. Dupont” (for that merchandise manufactured outside the PRC only) for a period of three years commencing from 1st April, 2015 and ending on 31st March, 2018. The purchase prices of the merchandise are at the standard wholesale prices as set by the S.T. Dupont Group, due upon shipment of the merchandise and to be settled in cash with a credit period of up to 60 days. The maximum annual caps paid / payable by the Group for the purchases of merchandise from the S.T. Dupont Group under the Agreement No. 2 for the financial years ended / ending 31st March, 2016, 31st March, 2017 and 31st March, 2018 are HK\$5,496,000, HK\$6,595,000 and HK\$7,914,000 respectively. The purchases of merchandise by the Group from the S.T. Dupont Group under the Agreement No. 2 during the year was HK\$5,183,000 which was below the maximum annual cap of HK\$5,496,000.

- (c) On 20th March, 2015, DCL, a member of the Group, as service provider and STDML, a member of the S.T. Dupont Group, as service receiver entered into a services renewal agreement (“the Agreement No. 3(a)”) together with a renewal agreement on personnel (“the Agreement No. 3(b)”) regarding the provision of certain management and supporting services by the Group to the S.T. Dupont Group including office and warehouse space, stock management services, centralised administrative and supporting functions including management, stock control and information technology for a period of three years commencing from 1st April, 2015 and ending on 31st March, 2018. Moreover, pursuant to the Agreement No. 3(b), the salaries of employees in charge of marketing and selling of products provided by the S.T. Dupont Group and the Group and supervising exclusive “S.T. Dupont” boutiques in the PRC are to be shared between the Group and the S.T. Dupont Group. The service fee payable by the S.T. Dupont Group is calculated on a cost and / or cost plus (as may be required by the relevant tax or other rulings or regulations) allocation basis, and this service fee shall be payable in cash on a monthly basis with a credit period of up to 30 days. The maximum annual caps received / receivable by the Group for the provision of management and supporting services to the S.T. Dupont Group under the Agreements Nos. 3(a) and 3(b) for the financial years ended / ending 31st March, 2016, 31st March, 2017 and 31st March, 2018 are HK\$15,079,000, HK\$18,095,000 and HK\$21,714,000 respectively. The service fee received by the Group from the S.T. Dupont Group in respect of the provision of management and supporting services to the S.T. Dupont Group under the Agreements Nos. 3(a) and 3(b) during the year was HK\$11,788,000 which was below the maximum annual cap of HK\$15,079,000.
- (d) On 20th March, 2015, Dickson Interior Design Limited, a member of the Group, as service provider and STDML, a member of the S.T. Dupont Group, as service receiver entered into an interior design services renewal agreement (“the Agreement No. 4”) regarding the provision of interior design services by the Group to the S.T. Dupont Group relating to its retail outlets and sales corners for a period of three years commencing from 1st April, 2015 and ending on 31st March, 2018. The interior design service fee payable by the S.T. Dupont Group is charged at a rate of 10 per cent. (which is derived in accordance with industry practice) of the total contract sum for the building and fitting out of any of its freestanding boutiques, department store corners and retail outlets, and this interior design service fee shall be payable in cash on a contract phase completion basis with a credit period of up to 30 days. The maximum annual caps received / receivable by the Group for the provision of interior design services to the S.T. Dupont Group under the Agreement No. 4 for the financial years ended / ending 31st March, 2016, 31st March, 2017 and 31st March, 2018 are HK\$1,140,000, HK\$1,368,000 and HK\$1,642,000 respectively. The service fee received by the Group from the S.T. Dupont Group in respect of the provision of interior design services to the S.T. Dupont Group under the Agreement No. 4 during the year was HK\$744,000 which was below the maximum annual cap of HK\$1,140,000.
- (e) On 24th September, 2013, Harvey Nichols (Hong Kong) Limited (“HNHKL”), a member of the Group, as grantor and STDML, a member of the S.T. Dupont Group, as licensee entered into a licence agreement (“the Agreement No. 5”) regarding the licensing of a sales corner (“the STD HN Corner”) by the Group to the S.T. Dupont Group in the Group’s Harvey Nichols store at Two Pacific Place, 88 Queensway, Hong Kong (“the PP Harvey Nichols Store”) with a total lettable area of about 685 sq. ft. for a period of two years commencing from 7th October, 2013 and ending on 6th October, 2015. The licence fee payable by the S.T. Dupont Group is based on a certain percentage of the monthly gross turnover made at the STD HN Corner but subject to a minimum monthly licence fee payment of HK\$230,160, and this licence fee shall be payable in cash within 20 days from the end of each month in arrears. The maximum annual cap received by the Group for the licensing of the STD HN Corner to the S.T. Dupont Group under the Agreement No. 5 for the financial year ended 31st March, 2016 is HK\$2,252,000 (six months and six days). The licence fee received by the Group from the S.T. Dupont Group in respect of the licensing of the STD HN Corner to the S.T. Dupont Group under the Agreement No. 5 during the year was HK\$1,426,000 (six months and six days) which was below the maximum annual cap of HK\$2,252,000 (six months and six days).

On 21st September, 2015, HNHKL as grantor and STDML as licensee entered into a new licence agreement (“the New Agreement No. 5”) regarding the renewal of the Agreement No. 5 upon its expiry on 6th October, 2015 for a further period of three years commencing from 7th October, 2015 and ending on 6th October, 2018. The licence fee payable by the S.T. Dupont Group is based on a certain percentage of the monthly gross turnover made at the STD HN Corner but subject to the minimum monthly licence fees payment of HK\$230,160 for the first year, HK\$237,065 for the second year and HK\$248,918 for the third year to be settled within 25 working days from the end of each month in arrears. The maximum annual caps received / receivable by the Group for the licensing of the STD HN Corner to the S.T. Dupont Group under the New Agreement No. 5 for the financial years ended / ending 31st March, 2016, 31st March, 2017, 31st March, 2018 and 31st March, 2019 are HK\$1,604,000 (five months and twenty-five days), HK\$3,978,000, HK\$4,773,000 and HK\$2,957,000 (six months and six days) respectively. The licence fee received by the Group from the S.T. Dupont Group in respect of the licensing of the STD HN Corner to the S.T. Dupont Group under the New Agreement No. 5 during the year was HK\$1,336,000 (five months and twenty-five days) which was below the maximum annual cap of HK\$1,604,000 (five months and twenty-five days).

- (f) On 20th March, 2015, STDML, a member of the S.T. Dupont Group, as licensor and Bondwood Investments Limited, a member of the Group, as licensee entered into a renewal sublicense agreement (“the Agreement No. 6”) regarding the granting of a sublicense by the S.T. Dupont Group to the Group for the use of various “S.T. Dupont” trademarks and logos under which “S.T. Dupont” products are marketed, sold and manufactured within the limits of the PRC (excluding Hong Kong) and Taiwan in its capacity as both retailer and wholesaler for a period of three years commencing from 1st April, 2015 and ending on 31st March, 2018. The sublicense fee is calculated based on certain percentages (which is in line with market practice) on each of the retail and wholesale turnover (excluding sales of imported products purchased from the S.T. Dupont Group) of “S.T. Dupont” products per year, and this sublicense fee shall be payable in cash on a quarterly basis with a credit period of up to 45 days. Either party may terminate the agreement without cause by serving the other party with not less than three months’ prior notice. The maximum annual caps paid / payable by the Group for the payment of sublicense fee to the S.T. Dupont Group in respect of the “S.T. Dupont” products distributed by the Group in the PRC (excluding Hong Kong) and Taiwan under the Agreement No. 6 for the financial years ended / ending 31st March, 2016, 31st March, 2017 and 31st March, 2018 are HK\$17,203,000, HK\$20,644,000 and HK\$24,773,000 respectively. The sublicense fee paid by the Group to the S.T. Dupont Group in respect of the distribution of “S.T. Dupont” products by the Group in the PRC (excluding Hong Kong) and Taiwan under the Agreement No. 6 during the year was HK\$12,872,000 which was below the maximum annual cap of HK\$17,203,000.

2. During the year, the Group has on an on-going basis conducted transactions with the Artland Group (i.e. Artland Watch Company Limited (“AWCL”) and Precision Watch Company Limited (“PWCL”), both of which are indirectly wholly-owned by Sir Dickson Poon, together with their subsidiary companies, which are principally engaged in the sale of watches and jewellery). These transactions involve sales and purchases of merchandise and licensing of a sales corner, all of which are conducted on normal commercial terms and in the ordinary and usual course of business of the Group, details of which are set out as follows :-
- (a) On 20th March, 2015, Castlereagh Limited, a member of the Group, as seller and AWCL and PWCL, both of which are members of the Artland Group, as purchasers entered into a merchandise sale and purchase renewal agreement (“the Agreement No. 7”) regarding the sales of certain merchandise by the Group to the Artland Group including, but not limited to, certain prestigious branded watches, timepieces and jewellery under various prestigious international brand names for a period of three years commencing from 1st April, 2015 and ending on 31st March, 2018. The selling prices of the merchandise are equal to the retail prices less normal trade discounts, due upon shipment of the merchandise and to be settled in cash with a credit period of up to 90 days. The maximum annual caps received / receivable by the Group for the sales of merchandise to the Artland Group under the Agreement No. 7 for the financial years ended / ending 31st March, 2016, 31st March, 2017 and 31st March, 2018 are HK\$20,000,000, HK\$22,000,000 and HK\$24,000,000 respectively. The sales of merchandise by the Group to the Artland Group under the Agreement No. 7 during the year was HK\$6,323,000 which was below the maximum annual cap of HK\$20,000,000.
 - (b) On 20th March, 2015, AWCL and PWCL, both of which are members of the Artland Group, as sellers and DCL, a member of the Group, as purchaser entered into a merchandise sale and purchase renewal agreement (“the Agreement No. 8”) regarding the purchases of certain merchandise by the Group from the Artland Group including, but not limited to, certain prestigious branded watches, timepieces and jewellery under various prestigious international brand names for a period of three years commencing from 1st April, 2015 and ending on 31st March, 2018. The purchase prices of the merchandise are equal to the retail prices less normal trade discounts, due upon shipment of the merchandise and to be settled in cash with a credit period of up to 30 days. The maximum annual caps paid / payable by the Group for the purchases of merchandise from the Artland Group under the Agreement No. 8 for the financial years ended / ending 31st March, 2016, 31st March, 2017 and 31st March, 2018 are HK\$20,000,000, HK\$22,000,000 and HK\$24,000,000 respectively. The purchases of merchandise by the Group from the Artland Group under the Agreement No. 8 during the year was HK\$8,945,000 which was below the maximum annual cap of HK\$20,000,000.
 - (c) On 24th September, 2013, HNHKL, a member of the Group, as grantor and PWCL, a member of the Artland Group, as licensee entered into a licence agreement (“the Agreement No. 9”) regarding the licensing of a sales corner (“the PW HN Corner”) by the Group to the Artland Group in the PP Harvey Nichols Store with a total lettable area of about 4,095 sq. ft. for a period of three years commencing from 7th October, 2013 and ending on 6th October, 2016 at a monthly licence fee payment of HK\$1,375,000, to be paid in cash within 20 days from the end of each month in arrears. The maximum annual caps received / receivable by the Group for the licensing of the PW HN Corner to the Artland Group under the Agreement No. 9 for the financial years ended / ending 31st March, 2016 and 31st March, 2017, based on the monthly licence fee of HK\$1,375,000, are HK\$16,500,000 and HK\$8,517,000 (six months and six days) respectively. The licence fee received by the Group from the Artland Group in respect of the licensing of the PW HN Corner to the Artland Group under the Agreement No. 9 during the year was HK\$16,500,000 which was the same as the maximum annual cap.

3. During the year, the Group has on an on-going basis conducted transactions with Dickson Communications Limited (“Dickson Communications”) (which is indirectly wholly-owned by Sir Dickson Poon and is principally engaged in the provision of advertising, marketing and promotion services). These transactions involve provision of advertising, marketing and promotion services, all of which are conducted on normal commercial terms and in the ordinary and usual course of business of the Group, details of which are set out as follows :-

On 20th March, 2015, Dickson Communications as service provider and DCL, a member of the Group, as service receiver entered into a promotional services renewal agreement (“the Agreement No. 10”) regarding the provision of certain advertising, marketing and promotion services by Dickson Communications to the Group for a period of three years commencing from 1st April, 2015 and ending on 31st March, 2018. The Group pays a monthly retainer fee and a handling service fee at a rate of 10 per cent. (which was derived in accordance with the industry practice) of the media or other costs incurred and paid by the Group to any third party media specialists, agents or independent contractors in connection with the provision of these services to the Group and this handling service fee shall be payable in cash on a monthly basis with a credit period of up to 30 days. The maximum annual caps paid / payable by the Group for the receipt of advertising, marketing and promotion services from Dickson Communications under the Agreement No. 10 for the financial years ended / ending 31st March, 2016, 31st March, 2017 and 31st March, 2018 are HK\$18,227,000, HK\$20,050,000 and HK\$22,055,000 respectively. The retainer fee and the handling service fee paid by the Group to Dickson Communications in respect of the receipt of advertising, marketing and promotion services from Dickson Communications under the Agreement No. 10 during the year was HK\$10,245,000 which was below the maximum annual cap of HK\$18,227,000.

The above continuing connected transactions have been reviewed by the directors (including the INEDs). The INEDs hereby confirm that during the year the above continuing connected transactions have been entered into :-

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or, where there is no available comparison, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

In accordance with the requirement of Rule 14A.56 of the Listing Rules, the Company has engaged the independent auditor of the Company to conduct certain procedures in respect of the continuing connected transactions of the Group. The work performed by the independent auditor is in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, and with reference to Practice Note 740, *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules*, issued by the Hong Kong Institute of Certified Public Accountants. Based on the results of procedures performed and in accordance with the aforesaid Listing Rules, the independent auditor has provided a letter to the Board confirming that :-

- (i) nothing has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board;
- (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that the continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the announcements of the Company dated 24th September, 2013, 20th March, 2015 and 21st September, 2015 in respect of each of the continuing connected transactions.

Director's Interest in Competing Business

The following director is considered to have interests in the following business, which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules :-

Sir Dickson Poon, the Group Executive Chairman, is a director of AWCL and PWCL and the ultimate shareholder of the Artland Group which is engaged in the sale of watches and jewellery. These businesses are deemed as competing with the retail business of the Group. However, the Artland Group targets its own specific customer base which is attracted by its unique history, reputation and image. Given the distinct features of the Artland Group's customer base, the Group considers that its interests are adequately safeguarded. The day-to-day operations of the Group and the Artland Group are managed by two distinct management teams except for Sir Dickson Poon who as aforementioned is one of the four board members of AWCL and one of the five board members of PWCL.

In order to further safeguard the interests of the Group, those directors not interested in this competing business review on a regular basis the businesses and operations of the Group to ensure that its businesses are run on the basis that they are independent of, and at arm's length from, the Artland Group.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company has maintained the prescribed amount of public float as required under the Listing Rules at all times up to the date of this report.

Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance. The Company recognises that corporate governance practices are fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and enhance shareholder value.

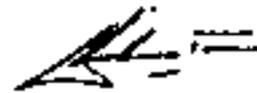
The Company has applied the principles and complied with all the code provisions of the Corporate Governance Code (“the CG Code”) as set out in Appendix 14 of the Listing Rules throughout the year ended 31st March, 2016 except code provision A.2.1 of the CG Code as the functions of the Chief Executive officer are now performed by Sir Dickson Poon, the Group Executive Chairman.

Detailed information on the Company’s other corporate governance practices is set out in the Corporate Governance Report on pages 31 to 42.

Independent Auditor

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as independent auditor of the Company is to be proposed at the forthcoming annual general meeting.

By Order of the Board



Dickson Poon
Group Executive Chairman

Hong Kong, 30th May, 2016

This report describes the Company's corporate governance practices and explains the application of the principles in the Corporate Governance Code ("the CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") throughout the year ended 31st March, 2016 and includes any significant subsequent events for the period up to the date of this report.

Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance. The Company recognises that corporate governance practices are fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and enhance shareholder value.

The Company has applied the principles and complied with all the code provisions of the CG Code throughout the year ended 31st March, 2016 except code provision A.2.1 of the CG Code as the functions of Chief Executive Officer ("CEO") are now performed by Sir Dickson Poon, the Group Executive Chairman.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("the Directors' Model Code") as set out in Appendix 10 of the Listing Rules as the code for securities transactions by the Directors. Amendments will be made to the Directors' Model Code from time to time in order to conform with any new amendments made to Appendix 10 of the Listing Rules.

Reminders are issued half-yearly to all Directors to remind them not to deal in the ordinary shares of the Company during the "Black Out Period" specified in the Directors' Model Code.

Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard as set out in the Directors' Model Code throughout the year ended 31st March, 2016.

Board of Directors

The Board of Directors ("the Board") of the Company currently comprises the following Directors :-

Executive Directors

Sir Dickson Poon (*Group Executive Chairman*)
Mr. Chan Tsang Wing, Nelson (*Chief Operating Officer*)
Mr. Chan Hon Chung, Johnny Pollux
Mr. Lau Yu Hee, Gary

Independent Non-Executive Directors ("INEDs")

Mr. Bhanusak Asvaintra
Mr. Nicholas Peter Etches
Mr. Leung Kai Hung, Michael

The biographical details of the Directors and the relevant relationships among them, if any, are set out in the Report of the Directors on pages 20 and 21.

The Board meets regularly and Board Meetings are held at least four times a year at approximately quarterly intervals. Regular Board Meetings of the year are scheduled in advance and at least 14 days' notice is given to Directors so as to give them an opportunity to attend. All Directors are given an opportunity to include matters in the agenda for Board Meetings. The Directors may attend a meeting in person or may participate by means of a conference telephone or similar communication equipments by means of which all persons participating in the meeting are capable of hearing each other in accordance with the New Bye-Laws of the Company ("the New Bye-Laws").

Four regular Board Meetings and one ad hoc Board Meeting and an Annual General Meeting were held during the year ended 31st March, 2016. The attendance record of each Director at the said meetings during the year ended 31st March, 2016 is set out below :-

<u>Directors</u>	<u>Number of Meetings Attended / Held</u>	
	<u>Board Meetings</u>	<u>Annual General Meeting</u>
<u>Executive Directors</u>		
Sir Dickson Poon (<i>Group Executive Chairman</i>)	4/5	1/1
Mr. Chan Tsang Wing, Nelson (<i>Chief Operating Officer</i>)	5/5	1/1
Mr. Chan Hon Chung, Johnny Pollux	5/5	1/1
Mr. Lau Yu Hee, Gary	5/5	0/1
Mr. Ng Chan Lam (Retired and resigned on 1st December, 2015)	2/3	1/1
<u>INEDs</u>		
Mr. Bhanusak Asvaintra	5/5	0/1
Mr. Nicholas Peter Etches	5/5	0/1
Mr. Leung Kai Hung, Michael	5/5	1/1

The Board is ultimately accountable for the activities of the Company and its subsidiary companies (together "the Group") and responsible for determining those matters which are to be retained for full Board sanction including, but not limited to, overall strategy and long-term objectives, new business activities, annual budgets, business plans and financial statements, interim and final results announcements, material acquisitions and disposals of assets, investments, capital projects and commitments, risk management and internal control systems, major treasury, funding policies as well as material connected transactions.

The Board has delegated the day-to-day responsibility in respect of management and administrative functions to management including, but not limited to, implementing and achieving the strategies and objectives set by the Board as well as overseeing the performance of different business units / departments and monitoring and implementing appropriate and effective risk management and internal control systems.

To ensure Directors' contribution to the Board remains informed and relevant, the Company encourages Directors to participate in continuous professional development to develop and refresh their knowledge and skills and understanding of the business and markets in which the Group operates. Directors are also provided with monthly performance and position updates of the Group, and information such as performance and key operational highlights to enable the Board as a whole as well as each Director to discharge their duties. In addition, the Company has provided training materials and web based learning resources on updates to regulatory matters for the year ended 31st March, 2016.

All Directors have participated in appropriate continuous professional development and provided the Company with their records of training they received during the year ended 31st March, 2016.

The records of training the Directors received during the year ended 31st March, 2016 are as follows :-

<u>Directors</u>	<u>Attending Conferences, Forums, Seminars and / or Webcasts</u>	<u>Reading Newspapers, Journals and / or Updates</u>
<u>Executive Directors</u>		
Sir Dickson Poon (<i>Group Executive Chairman</i>)	✓	✓
Mr. Chan Tsang Wing, Nelson (<i>Chief Operating Officer</i>)	✓	✓
Mr. Chan Hon Chung, Johnny Pollux	✓	✓
Mr. Lau Yu Hee, Gary	✓	✓
Mr. Ng Chan Lam (Retired and resigned on 1st December, 2015)	✓	✓
<u>INEDs</u>		
Mr. Bhanusak Asvaintra	✓	✓
Mr. Nicholas Peter Etches	✓	✓
Mr. Leung Kai Hung, Michael	✓	✓

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties under the Terms of Reference of Corporate Governance Functions of the Board. Given below are the main corporate governance duties of the Board :-

- (i) to develop and review the Company's policies and practices on corporate governance and make recommendations;
- (ii) to review and monitor the Company's corporate governance policies and practices to ensure compliance with legal and regulatory requirements;
- (iii) to review the Company's compliance with the CG Code and other related rules and disclosure in the Corporate Governance Report;
- (iv) to develop, review and monitor the implementation of the Shareholders' Communication Policy to ensure its effectiveness and make recommendations where appropriate to enhance shareholder relationship with the Company;
- (v) to monitor and respond to emerging corporate governance issues and make recommendations where appropriate to further the Company's corporate governance performance; and
- (vi) to conform to any requirement and regulation contained in the New Bye-Laws or imposed from time to time by legislation.

The corporate governance duties performed by the Board for the year ended 31st March, 2016 were in accordance with the Terms of Reference of the Corporate Governance Functions of the Board and are summarised below :-

- (i) reviewed the Company's corporate governance policies (including the Inside Information Policy ("the Inside Information Policy")) and practices to ensure compliance with legal and regulatory requirements;
- (ii) reviewed the Company's compliance with (a) the CG Code and other related rules; and (b) the mandatory disclosure requirements in respect of the Corporate Governance Report as set out in Appendix 14 of the Listing Rules;
- (iii) reviewed the training and continuous professional development of the Directors and senior management; and
- (iv) reviewed the Shareholders' Communication Policy and its implementation to ensure its effectiveness.

Directors' Responsibilities for Preparing Consolidated Financial Statements

The Directors acknowledge their responsibilities to prepare consolidated financial statements for each half and full financial year which give a true and fair view of the state of affairs of the Group. The Directors' responsibilities for preparing consolidated financial statements are set out in the Independent Auditor's Report on pages 43 and 44. The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue its operational existence for the foreseeable future and thus it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Chairman and Chief Executive Officer

The roles of the Chairman and the CEO are separate and should be performed by different individuals so as to ensure a clear division between the Chairman's responsibility to manage the Board and the CEO's responsibility to manage the Company's business. A list setting out the respective responsibilities of the Chairman and the CEO has been adopted by the Company.

However, the functions of the CEO are now performed by Sir Dickson Poon, the Group Executive Chairman, following the resignation of Mr. Raymond Lee as the CEO of the Company with effect from 1st July, 2014.

Independent Non-Executive Directors

There are currently three INEDs. The terms of office of all the INEDs, subject to earlier determination or retirement by rotation and re-election at the annual general meeting of the shareholders of the Company in accordance with the New Bye-Laws and / or applicable laws and regulations, are fixed for one year renewable on an annual basis.

The Company has received from each of the INEDs their annual confirmation of independence and considers that each of the INEDs is independent in accordance with the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules.

Remuneration Committee

The Remuneration Committee comprises three members and is chaired by Mr. Bhanusak Asvaintra, an INED, with Mr. Nicholas Peter Etches, an INED, and Mr. Chan Tsang Wing, Nelson, the Chief Operating Officer, as members.

The Terms of Reference of the Remuneration Committee adopted by the Company is aligned with the Code Provisions of the CG Code. Given below are the main duties of the Remuneration Committee :-

- (i) to recommend to the Board the Company's policy and structure for all Directors' and senior management's remuneration;
- (ii) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (iii) to recommend to the Board the remuneration packages of individual Executive Directors and senior management;
- (iv) to recommend to the Board the remuneration of Non-Executive Directors;
- (v) to review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment; and
- (vi) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct.

A Remuneration Committee Meeting was held during the year ended 31st March, 2016. The attendance record of each member at the Remuneration Committee Meeting during the year ended 31st March, 2016 is set out below :-

<u>Remuneration Committee Members</u>	<u>Number of Meeting(s) Attended / Held</u>
Mr. Bhanusak Asvaintra (<i>Chairman</i>)	1/1
Mr. Nicholas Peter Etches	1/1
Mr. Chan Tsang Wing, Nelson	1/1

The work performed by the Remuneration Committee for the year ended 31st March, 2016 was in accordance with the Terms of Reference of the Remuneration Committee and is summarised below :-

- (i) reviewed the existing remuneration policy (structure and procedure) for all Directors' and senior management's remuneration;
- (ii) reviewed and approved the management's and the Group's remuneration proposals with reference to the Board's corporate goals and objectives;
- (iii) assessed the performance of Executive Directors and recommended the remuneration packages of individual Executive Directors and senior management;
- (iv) considered Directors' fees paid by comparable companies and recommended the amount of Director's fees to be paid to each Executive Director for the year ended 31st March, 2016 and reviewed the amount of Director's fees to be paid to each INED for the year ended 31st March, 2016 for shareholders' approval at the forthcoming Annual General Meeting of the shareholders of the Company to be held on 21st July, 2016 ("the 2016 AGM"); and
- (v) considered the grant of share options to Directors and senior management, if any.

The primary aim of the remuneration policy is to enable the Company to motivate and retain Executive Directors and senior management by comparing their performance against corporate goals and objectives when determining appropriate compensation for them. The principal elements of the remuneration package include basic salary, discretionary bonus, retirement scheme contributions and share options. In determining guidelines for each compensation element, the Company refers to the comparable remuneration standard in the market.

INEDs are compensated with the primary aim to fairly represent their efforts and time dedicated to the Board and the Committee Meetings. The fees of INEDs are recommended by the Remuneration Committee and reviewed by the Board for shareholders' approval at the annual general meeting.

In determining the level of Director's fees of INEDs, account is taken of factors such as directors' fees paid by comparable companies, and time commitment and responsibilities of the INEDs.

The amount of remuneration paid to each Director for the year ended 31st March, 2016 is set out in Note 5 on the financial statements.

Nomination Committee

The Nomination Committee comprises three members and is chaired by Sir Dickson Poon, the Group Executive Chairman, with Mr. Bhanusak Asvaintra and Mr. Nicholas Peter Etches, both INEDs, as members.

The Terms of Reference of the Nomination Committee adopted by the Company is aligned with the Code Provisions of the CG Code. Given below are the main duties of the Nomination Committee :-

- (i) to determine nomination policy, procedures and criteria for nomination of Directors for the Board's consideration;
- (ii) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to implement the Company's corporate strategy;
- (iii) to identify and nominate individuals suitably qualified to become additional Directors or to fill casual vacancies of the Board and make recommendations to the Board on the selection of individuals nominated for directorships;
- (iv) to assess the independence of INEDs and review the INEDs' annual confirmations on their independence; and
- (v) to recommend to the Board the appointment or re-appointment of Directors and succession planning for Directors.

A regular Nomination Committee Meeting was held during the year ended 31st March, 2016. The attendance record of each member at the Nomination Committee Meeting during the year ended 31st March, 2016 is set out below :-

<u>Nomination Committee Members</u>	<u>Number of Meeting(s) Attended / Held</u>
Sir Dickson Poon (<i>Chairman</i>)	1/1
Mr. Bhanusak Asvaintra	1/1
Mr. Nicholas Peter Etches	1/1

The work performed by the Nomination Committee for the year ended 31st March, 2016 was in accordance with the Terms of Reference of the Nomination Committee and is summarised below :-

- (i) reviewed the Board Diversity Policy (a summary of which is set out in the section headed “Board Diversity Policy” below);
- (ii) reviewed the nomination policy, procedures and criteria for nomination of Directors;
- (iii) reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board to implement the Company’s corporate strategy;
- (iv) assessed the independence of INEDs and reviewed the INEDs’ annual confirmations on their independence and considered that each of the INEDs is independent as each of them has met the independence guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules; and
- (v) noted those Directors who are required to retire from office by rotation (but eligible for re-election) at the 2016 AGM and considered succession planning for Directors.

Board Diversity Policy

The Company has adopted the Board Diversity Policy. The policy aims to set out the approach to Board diversity and to ensure that there is broad experience and diversity on the Board.

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board’s composition, Board diversity has been considered from a number of aspects, including but not limited to, gender, age, cultural and educational background, regional and business / professional experience, skills, knowledge and length of service. All Board appointments will be based on merit against objective criteria with due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to, gender, age, cultural and educational background, regional and business / professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit in the context of the Company’s businesses and strategies, and contribution which the selected candidates will bring to the Board.

Audit Committee

The Audit Committee comprises three members and is chaired by Mr. Nicholas Peter Etches, an INED, with Mr. Bhanusak Asvaintra and Mr. Leung Kai Hung, Michael, both INEDs, as members.

The Terms of Reference of the Audit Committee has been updated and is aligned with the Code Provisions of the CG Code. Given below are the main duties of the Audit Committee :-

- (i) to recommend to the Board the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to answer any questions of resignation or dismissal of those auditors;
- (ii) to monitor the integrity of the Company's financial statements, annual report and accounts and half-year report and to review any significant financial reporting judgments contained therein before submission to the Board, with particular focus on :-
 - any changes in accounting policies and practices;
 - major judgmental areas;
 - significant adjustments resulting from audit;
 - the going concern assumptions and any qualifications;
 - compliance with accounting standards; and
 - compliance with the Listing Rules and legal requirements in relation to financial reporting;
- (iii) to review the contents of the representation letter to the external auditor prior to submission to the Board;
- (iv) to review the Company's financial controls, risk management and internal control systems;
- (v) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (vi) to ensure co-ordination between the internal and external auditors and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness; and
- (vii) to review the Group's financial and accounting policies and practices.

Four Audit Committee Meetings were held during the year ended 31st March, 2016. The attendance record of each member at the Audit Committee Meetings during the year ended 31st March, 2016 is set out below :-

<u>Audit Committee Members</u>	<u>Number of Meetings Attended / Held</u>
Mr. Nicholas Peter Etches (<i>Chairman</i>)	4/4
Mr. Bhanusak Asvaintra	4/4
Mr. Leung Kai Hung, Michael	4/4

The work performed by the Audit Committee for the year ended 31st March, 2016 was in accordance with the Terms of Reference of the Audit Committee and is mainly summarised below :-

- (i) reviewed and discussed with Messrs. KPMG, the Independent Auditor of the Company (“the Independent Auditor”), before submission to the Board, the Company’s Annual Report and accounts, Interim Report and any significant financial reporting judgments contained therein together with the relevant draft Letters of Representation / Letter of Engagement addressed to / from the Independent Auditor;
- (ii) reviewed the announcements of the Company regarding (i) the Group’s final results for the year ended 31st March, 2015; and (ii) the Group’s interim results for the six months ended 30th September, 2015;
- (iii) reviewed the Company’s quarterly operating results and financial highlights for the three months ended 30th June, 2015 and nine months ended 31st December, 2015 respectively;
- (iv) reviewed the effectiveness of the internal control systems of the Group covering material controls for financial, operational, compliance and risk management;
- (v) considered the Compliance Certificates for the year ended 31st March, 2015 received from the heads of business units / departments and countersigned by the Head of Internal Audit Department;
- (vi) considered the Corporate Governance Report for the year ended 31st March, 2015 as endorsed by the Head of Internal Audit Department;
- (vii) considered the quarterly reports from the Head of Internal Audit Department;
- (viii) considered the internal and external audit plans for 2016 / 2017 from the Head of Internal Audit Department and the Independent Auditor respectively; and
- (ix) considered matters relating to the renewal of a continuing connected transaction with a private group company.

Auditor's Remuneration

During the year ended 31st March, 2016, the fees charged to the consolidated statement of profit or loss of the Group for the Group's statutory audit services amounted to HK\$5,642,000 (2015 : HK\$5,472,000), and in addition HK\$14,000 (2015 : HK\$100,000) for other non-statutory audit services such as advisory services.

Independent Auditor's Reporting Responsibilities

The reporting responsibilities of the Independent Auditor are set out in the Independent Auditor's Report on pages 43 and 44.

Risk Management and Internal Control Systems

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objective, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems to safeguard the shareholders' investment and the Group's assets.

The Group's risk management and internal control systems are designed to provide reasonable assurance against that material misstatement or loss can be avoided, and to manage and minimise risks of failure in operational systems.

Apart from annual review of the effectiveness of the Group's risk management and internal control systems by the Board, it delegates such responsibility of reviewing the effectiveness of the Group's risk management and internal control systems to the Audit Committee which monitors the Group's risk management and internal control systems through the Internal Audit Department. The Internal Audit Department performs regular independent reviews of all material controls, including financial, operational and compliance controls and risk management functions of the Group and evaluates their adequacy and effectiveness on a continuing basis. The annual audit plan is discussed and agreed every year with the Audit Committee. A report of major audit findings is submitted quarterly to the members of the Audit Committee and discussed at the Audit Committee Meetings. The audit reports are then followed up by the Internal Audit Department to ensure corrective actions have been taken in respect of findings previously identified and that they have been properly resolved. Internal audits are designed to provide the Board with reasonable assurance that appropriate and effective risk management and internal control systems of the Group are implemented for protecting the Group's assets and identifying business risks.

Apart from the regular independent reviews by the Internal Audit Department, there is an annual compliance review by all the business units / departments of the Company. For the year under review, various Compliance Certificates were received from the heads of business units / departments of the Company countersigned by the Head of Internal Audit Department confirming that the internal control systems have been assessed and compliance reviews have been conducted by the relevant business units / departments (with the relevant disclosure of matters arising and remedial action taken, if any) and reviewed by the Internal Audit Department. These certificates also included confirmation that the internal control procedures of the relevant business units / departments have been complied with and their internal control systems with the relevant risk assessment are effective and in compliance with all the relevant statutory requirements and regulations.

A model code for securities transactions by relevant employees (“the Relevant Employees’ Model Code”) has been adopted by the Company which sets out the securities dealing and confidentiality requirements for compliance by all Relevant Employees (as defined in the Relevant Employees’ Model Code) of the Company which is on no less exacting terms than the Directors’ Model Code. Amendments will be made to the Relevant Employees’ Model Code from time to time in order to conform with any new amendments made to Appendix 10 of the Listing Rules. Among the requirements under the Relevant Employees’ Model Code, the Relevant Employees who have knowledge of unpublished price-sensitive information should take extra care and treat such information in the strictest confidence. Moreover, the Inside Information Policy has been adopted by the Company which sets out guidelines to the employees of the Group to ensure inside information is to be disseminated to the public in equal, timely and effectively manner in accordance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the Listing Rules and all other applicable rules and regulations. In addition, the Company will issue memoranda half-yearly and through the head of each business unit / department to remind the Relevant Employees of the Company to observe the said securities dealing and confidentiality requirements under the Relevant Employees’ Model Code and the Inside Information Policy respectively.

The Board has reviewed the effectiveness of the Group’s internal control systems covering all material controls, including financial, operational, compliance and risk management functions for the year under review and in view of the above, it considered that the Group’s internal control systems and risk management functions are effective, adequate and in compliance with the code provisions on internal controls of the CG Code.

Shareholders’ Rights

Pursuant to Bye-law 70 of the New Bye-Laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition (“the Written Requisition”), specifying the proposed resolution (“the Proposed Resolution”) accompanied by a statement in respect of the matter referred to in the Proposed Resolution, to the Board or the Company Secretary of the Company at its Head Office, to request the Board to include the Proposed Resolution in the agenda for the annual general meeting or to require a special general meeting to be convened by the Board for transaction of any business specified in such Written Requisition.

Shareholders and other stakeholders may at any time send their written enquiries and concerns by post or by fax to the Board by addressing them to the Company Secretary of the Company at its Head Office as follows :-

The Company Secretary
Dickson Concepts (International) Limited
4th Floor, East Ocean Centre,
98 Granville Road,
Tsimshatsui East,
Kowloon,
Hong Kong.
Fax No.: +852 2301 0315

Investor Relations and Communication with Shareholders

The Company has established a range of communication channels to ensure fair disclosure and comprehensive and transparent reporting of its performance and activities. These include announcements and notices, Interim Reports, Annual Reports and circulars which are sent to the shareholders from time to time. Moreover, institutional investors and / or analysts briefings and / or one-to-one meetings are arranged as appropriate to keep them abreast of the Company's development. In order to promote effective communication, the Company maintains its website at www.dickson.com.hk on which press releases, announcements and notices, Memorandum of Association and New Bye-Laws, procedures for shareholders to put forward proposals for election of a person (other than the Retiring Director) as a Director, financial and other information relating to the Company and its businesses are disclosed.

All shareholders are encouraged to attend the general meetings of the Company. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The Chairman of the general meeting will therefore exercise his right under Bye-law 78 of the New Bye-Laws to demand a poll for each resolution to be proposed at the general meeting. The poll results will be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.dickson.com.hk ("the Websites") in accordance with Rule 2.07C of the Listing Rules as soon as possible after conclusion of the general meeting, but in any event not later than the time that is 30 minutes before the earlier of either the commencement of the morning trading session or any pre-opening session on the business day following the general meeting. The Directors and the Independent Auditor will also attend the annual general meetings to answer shareholders' questions, if any.

Constitutional Documents

The Company's Memorandum of Association and New Bye-Laws, in both English and Chinese, are available on the Websites. There was no change to the Memorandum of Association and New Bye-Laws of the Company during the year ended 31st March, 2016.

By Order of the Board



Dickson Poon
Group Executive Chairman

Hong Kong, 30th May, 2016



To the Shareholders of Dickson Concepts (International) Limited (incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Dickson Concepts (International) Limited (the “Company”) and its subsidiary companies (together the “Group”) set out on pages 45 to 95, which comprise the consolidated statement of financial position as at 31st March, 2016, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors’ Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31st March, 2016 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.



KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

Hong Kong, 30th May, 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST MARCH, 2016



	NOTE	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue	2	3,621,335	4,322,230
Cost of sales		<u>(1,825,453)</u>	<u>(2,225,800)</u>
Gross profit		1,795,882	2,096,430
Other (loss) / income	3	(10,577)	38,708
Selling and distribution expenses		(1,671,835)	(1,836,495)
Administrative expenses		(301,858)	(261,334)
Other operating expenses		<u>(87,221)</u>	<u>(120,623)</u>
Operating loss		(275,609)	(83,314)
Finance costs		(1,823)	(3,796)
Share of profits less losses of associated companies		<u>(5,542)</u>	<u>(4,437)</u>
Loss before taxation	4	(282,974)	(91,547)
Taxation	7	<u>(5,178)</u>	<u>(18,713)</u>
Loss for the year attributable to equity shareholders of the Company	21	<u>(288,152)</u>	<u>(110,260)</u>
Loss per share (basic and diluted)	9	<u>(75.0) cents</u>	<u>(28.5) cents</u>

The notes on pages 51 to 95 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in Note 8.

	2016	2015
	HK\$'000	HK\$'000
Loss for the year	(288,152)	(110,260)
Other comprehensive income for the year :		
Items that will not be reclassified to profit or loss :		
Remeasurement of net defined benefit liability (after tax expense of HK\$2,000 (2015 : tax credit of HK\$18,000))	<u>865</u>	<u>451</u>
Items that may be reclassified subsequently to profit or loss :		
Exchange differences on translation of accounts of overseas subsidiary and associated companies (Note)	<u>(30,427)</u>	<u>(12,559)</u>
Available-for-sale equity securities :		
Changes in fair value recognised during the year	(16,951)	22,407
Reclassification adjustments for amounts transferred to profit or loss :		
– gains on disposal (Note 3)	(5,364)	(39,616)
– impairment losses (Note 3)	<u>23,123</u>	<u>17,209</u>
Net movement in the fair value reserve during the year recognised in other comprehensive income (Note)	<u>808</u>	–
Other comprehensive income for the year	(28,754)	(12,108)
Total comprehensive income for the year attributable to equity shareholders of the Company	<u>(316,906)</u>	<u>(122,368)</u>

Note :-

There is no tax effect relating to the above component of the other comprehensive income.

The notes on pages 51 to 95 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST MARCH, 2016

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	NOTE	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	10	159,367	227,634
Intangible asset	11	–	75,464
Associated companies	12	24,898	37,167
Deferred tax assets	19(a)	2,292	3,804
Other financial assets	13	<u>243,723</u>	<u>283,862</u>
		430,280	627,931
Current assets			
Inventories	14	652,063	844,629
Debtors, deposits and prepayments	15	308,732	354,058
Tax recoverable	7(c)	4,598	4,739
Other financial assets	13	65,837	–
Cash and bank balances	16	<u>1,391,120</u>	<u>1,387,111</u>
		<u>2,422,350</u>	<u>2,590,537</u>
Current liabilities			
Bank loans	17	74,895	70,099
Bills payable		895	17,269
Creditors and accruals	18	689,996	643,309
Taxation	7(c)	<u>14,625</u>	<u>22,458</u>
		<u>780,411</u>	<u>753,135</u>
Net current assets		<u>1,641,939</u>	<u>1,837,402</u>
Total assets less current liabilities		2,072,219	2,465,333
Non-current liabilities			
Deferred tax liabilities	19(a)	30,386	43,219
Amount due to associated companies	12	<u>24,300</u>	<u>33,959</u>
Net assets		<u>2,017,533</u>	<u>2,388,155</u>
Capital and reserves			
Share capital	20	114,135	116,965
Reserves	21	<u>1,903,398</u>	<u>2,271,190</u>
Total equity attributable to equity shareholders of the Company		<u>2,017,533</u>	<u>2,388,155</u>

Approved and authorised for issue by the Board of Directors on 30th May, 2016.



Dickson Poon
Group Executive Chairman



Chan Hon Chung, Johnny Pollux
Executive Director

The notes on pages 51 to 95 form part of these financial statements.

	Attributable to equity shareholders of the Company					Total <i>HK\$'000</i>
	Share capital <i>HK\$'000</i> (Note 20)	Share premium <i>HK\$'000</i> (Note 21(a)(i))	Exchange reserve <i>HK\$'000</i> (Note 21(a)(ii))	Fair value reserve <i>HK\$'000</i> (Note 21(a)(iii))	Retained profits <i>HK\$'000</i>	
At 1st April, 2015	116,965	503,758	128,062	–	1,639,370	2,388,155
Dividends approved / paid in respect of prior year (Note 8(b))						
– by means of cash	–	–	–	–	(23,193)	(23,193)
Repurchase of shares of the Company	(2,830)	(27,693)	–	–	–	(30,523)
Loss for the year	–	–	–	–	(288,152)	(288,152)
Other comprehensive income for the year	–	–	(30,427)	808	865	(28,754)
At 31st March, 2016	<u>114,135</u>	<u>476,065</u>	<u>97,635</u>	<u>808</u>	<u>1,328,890</u>	<u>2,017,533</u>

The comparative figures for 2015 are set out as follows :-

	Attributable to equity shareholders of the Company					Total <i>HK\$'000</i>
	Share capital <i>HK\$'000</i> (Note 20)	Share premium <i>HK\$'000</i> (Note 21(a)(i))	Exchange reserve <i>HK\$'000</i> (Note 21(a)(ii))	Fair value reserve <i>HK\$'000</i> (Note 21(a)(iii))	Retained profits <i>HK\$'000</i>	
At 1st April, 2014	114,439	467,898	140,621	–	1,825,472	2,548,430
Dividends approved / paid in respect of prior year (Note 8(b))						
– by means of cash	–	–	–	–	(34,638)	(34,638)
– by means of scrip dividend (Note 20)	2,840	38,815	–	–	(41,655)	–
Repurchase of shares of the Company	(314)	(2,955)	–	–	–	(3,269)
Loss for the year	–	–	–	–	(110,260)	(110,260)
Other comprehensive income for the year	–	–	(12,559)	–	451	(12,108)
At 31st March, 2015	<u>116,965</u>	<u>503,758</u>	<u>128,062</u>	<u>–</u>	<u>1,639,370</u>	<u>2,388,155</u>

The notes on pages 51 to 95 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2016



	2016		2015	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating activities				
Loss before taxation	(282,974)		(91,547)	
Adjustments for :-				
Depreciation	77,541		107,385	
Dividend income from listed securities	(2,036)		—	
Impairment loss on property, plant and equipment recognised	105,353		81,757	
Impairment loss on available-for-sale equity securities recognised	23,123		17,209	
Impairment loss on intangible asset recognised	56,598		—	
Amortisation of intangible asset	18,866		18,866	
Interest income	(8,151)		(17,320)	
Interest expenses	1,823		3,796	
Share of profits less losses of associated companies	5,542		4,437	
Loss on disposal of property, plant and equipment	2,379		2,375	
Gain on disposal of available-for-sale equity securities	(5,364)		(39,616)	
Net gains from financial assets designated at fair value through profit or loss	(1,113)		(7,762)	
	<u>(8,413)</u>		<u>79,580</u>	
Operating (loss) / profit before changes in working capital				
Decrease in inventories	192,566		123,670	
Decrease / (increase) in debtors, deposits and prepayments	50,224		(2,107)	
(Decrease) / increase in bills payable	(16,374)		75	
Decrease in creditors and accruals	(37,395)		(7,293)	
(Decrease) / increase in amount due to associated companies	(2,909)		1,132	
Effect of foreign exchange rate changes	(3,083)		(11,547)	
	<u>174,616</u>		<u>183,510</u>	
Cash generated from operations				
Hong Kong profits tax refund / (paid) (net)	1,974		(2,339)	
Overseas tax paid (net)	(26,035)		(11,571)	
	<u>150,555</u>		<u>169,600</u>	
Net cash generated from operating activities				

	2016		2015	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Investing activities				
Payment for purchase of property, plant and equipment	(61,957)		(126,696)	
Payment for purchase of other financial assets	(123,448)		(77,025)	
Proceeds from sale of property, plant and equipment	19,688		11,264	
Net proceeds from sale / redemption of other financial assets	77,783		321,148	
Interest received	12,280		40,293	
Decrease / (increase) in bank deposit with original maturity over three months	36,103		(74,400)	
Dividend received from an associated company	1,679		7,650	
Dividends received from listed securities	<u>2,036</u>		<u>—</u>	
Net cash (used in) / generated from investing activities		(35,836)		102,234
Financing activities				
Payment for repurchase of shares	(30,523)		(3,269)	
Repayment of bank loans	(907)		(41,672)	
Proceeds from new bank loans	4,477		21,431	
Interest paid	(1,823)		(3,796)	
Dividends paid	<u>(23,193)</u>		<u>(34,638)</u>	
Net cash used in financing activities		(51,969)		(61,944)
Net increase in cash and cash equivalents		62,750		209,890
Cash and cash equivalents at 1st April		1,312,711		1,106,999
Effect of foreign exchange rate changes		(20,552)		(4,178)
Cash and cash equivalents at 31st March (Note a)		<u>1,354,909</u>		<u>1,312,711</u>
<i>Note :-</i>				
a. Analysis of cash and bank balances :-				
Cash and bank balances in the consolidated statement of financial position		1,391,120		1,387,111
Less : deposits with original maturity over three months		<u>(36,211)</u>		<u>(74,400)</u>
Cash and cash equivalents		<u>1,354,909</u>		<u>1,312,711</u>

The notes on pages 51 to 95 form part of these financial statements.

1. **PRINCIPAL ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (“the Listing Rules”) on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”). A summary of the principal accounting policies adopted by the Group is set out below.

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group :-

- **Amendments to HKAS 19, Employee benefits : Defined benefit plans : Employee contributions**
- **Annual Improvements to HKFRSs 2010-2012 Cycle**
- **Annual Improvements to HKFRSs 2011-2013 Cycle**

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see Note 30).

(a) **Basis of preparation of the financial statements**

The consolidated financial statements for the year ended 31st March, 2016 comprise the Company and its subsidiary companies (together referred to as “the Group”) and the Group’s interest in associated companies.

The measurement basis used in the preparation of the financial statements is the historical cost basis except the financial assets designated at fair value through profit or loss (Note 1(d)), available-for-sale equity securities (Note 1(d)) and derivative financial instruments (Note 1(e)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 28.

1. **PRINCIPAL ACCOUNTING POLICIES** (cont'd)

(b) **Subsidiary companies and non-controlling interests**

Subsidiary companies are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary company is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary company not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interest either at fair value or at the non-controlling interests' proportionate share of the subsidiary company's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary company that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary company, it is accounted for as a disposal of the entire interest in that subsidiary company, with a resulting gain or loss being recognised in the consolidated statement of profit or loss. Any interest retained in that former subsidiary company at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(d)) or, when appropriate, the cost on initial recognition of an investment in an associated company (see Note 1(c)).

In the Company's statement of financial position, an investment in a subsidiary company is stated at cost less impairment losses (see Note 1(h)).

(c) **Associated companies**

An associated company is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

1. **PRINCIPAL ACCOUNTING POLICIES** (cont'd)

(c) **Associated companies** (cont'd)

An investment in an associated company is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 1(h)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition, post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associated company, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associated company.

Unrealised profits and losses resulting from transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the consolidated statement of profit or loss.

When the Group ceases to have significant influence over an associated company, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in the consolidated statement of profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(d)).

(d) **Other financial assets**

The Group's other financial assets represent financial assets designated at fair value through profit or loss and available-for-sale financial assets.

Other financial assets are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets.

Financial instruments are designated at fair value through profit or loss upon initial recognition when the assets or liabilities are managed, evaluated and reported internally on a fair value basis. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividends or interest earned on these investments.

Financial instruments which do not fall into the above category are classified as available-for-sale financial assets. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see Note 1(h)). Dividend income from these investments is recognised in profit or loss. When the investments are derecognised or impaired, the cumulative gain or loss recognised in equity is reclassified to profit or loss.

Other financial assets are recognised / derecognised on the date the Group commits to purchase / sell the investments or they expire.

1. PRINCIPAL ACCOUNTING POLICIES (cont'd)

(e) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in the consolidated statement of profit or loss, except where the derivative financial instruments qualify for cash flow hedge accounting, in which case any resultant gain or loss is recognised in other comprehensive income and accumulated separately in equity to the extent that the hedge is effective and until the hedged transaction occurs. The ineffective portion of any gain or loss and any other changes in fair value of derivative financial instruments are recognised in the consolidated statement of profit or loss.

(f) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less aggregate depreciation and impairment losses (see Note 1(h)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows :-

Leasehold land and buildings	50 years or the remaining lease term whichever is shorter
Leasehold improvements	4 - 10 years or the remaining lease term whichever is shorter
Furniture, fixtures, equipment and others	3 - 10 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the consolidated statement of profit or loss on the date of retirement or disposal.

Restoration costs are provided for and included in property, plant and equipment and charged to the consolidated statement of profit or loss on a straight-line basis over the lease terms.

(g) Intangible asset

Intangible asset acquired by the Group is stated in the statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 1(h)).

Amortisation of intangible asset with a finite useful life is charged to the consolidated statement of profit or loss on a straight-line basis over the asset's estimated useful life. The intangible asset, being the exclusive distribution rights, with finite useful life is amortised from the date it is available for use. On 31st March, 2010, the remaining useful life of the exclusive distribution rights was extended from 4 years to 9 years.

1. **PRINCIPAL ACCOUNTING POLICIES** (cont'd)

(h) **Impairment of assets**

(i) Impairment of trade and other receivables and other financial assets

Trade and other receivables that are stated at cost or amortised cost and other financial assets that are classified as available-for-sale financial assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events :-

- significant financial difficulty of the debtor, issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor, issuer or obligor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor, issuer or obligor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, the impairment loss for trade and other receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the consolidated statement of profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

The impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the consolidated statement of profit or loss.

For available-for-sale financial assets, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

1. PRINCIPAL ACCOUNTING POLICIES (cont'd)**(h) Impairment of assets** (cont'd)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased :-

- property, plant and equipment;
- intangible asset; and
- investments in subsidiary and associated companies.

If any such indication exists, the recoverable amount of the asset is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in the consolidated statement of profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the consolidated statement of profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 1(h)(i) and (ii)).

Impairment losses recognised in an interim period in respect of available-for-sale equity securities are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

1. **PRINCIPAL ACCOUNTING POLICIES** (cont'd)

(i) **Inventories**

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the FIFO method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the year in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the year the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

(j) **Leased assets**

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

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the consolidated statement of profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the consolidated statement of profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the consolidated statement of profit or loss in the accounting period in which they are incurred.

1. PRINCIPAL ACCOUNTING POLICIES (cont'd)**(k) Trade and other receivables**

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using effective interest method less allowance for impairment of doubtful debts (see Note 1(h)(i)), except where the receivables are interest free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the consolidated statement of profit or loss over the period of the borrowings, together with any interest and fee payable, using the effective interest method.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(o) Employee benefits**(i) Short term employee benefits and contributions to defined contribution retirement schemes**

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement schemes, including those payable in China, Taiwan and Hong Kong under relevant legislation, and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined benefit retirement scheme obligations

The Group's net obligation in respect of defined benefit retirement schemes is calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine the present value and the fair value of any scheme assets is deducted. The calculation is performed by an independent qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the scheme or reductions in future contributions to the scheme.

1. **PRINCIPAL ACCOUNTING POLICIES** *(cont'd)*

(o) **Employee benefits** *(cont'd)*

(ii) Defined benefit retirement scheme obligations *(cont'd)*

Service cost and net interest expense (income) on the net defined benefit liability (asset) are recognised in profit or loss and allocated by function as part of “selling and distribution expenses” or “administrative expenses”. Current service cost is measured as the increase in the present value of the defined benefit obligation resulting from employee service in the current period. When the benefits of a scheme are changed, or when a scheme is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised as an expense in profit or loss at the earlier of when the scheme amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised. Net interest expense (income) for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the net defined benefit liability (asset). The discount rate is the yield at the end of the reporting period on high quality corporate bonds that have maturity dates approximating the terms of the Group’s obligations.

Remeasurements arising from defined benefit retirement schemes are recognised in other comprehensive income and reflected immediately in retained earnings. Remeasurements comprise actuarial gains and losses, the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(p) **Income tax**

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the consolidated statement of profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly to equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases respectively. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

1. PRINCIPAL ACCOUNTING POLICIES (cont'd)**(p) Income tax** (cont'd)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (providing they are not part of a business combination), and temporary differences relating to investments in subsidiary companies to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

- (iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met :-
- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
 - in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either :-
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

1. **PRINCIPAL ACCOUNTING POLICIES** (cont'd)

(q) **Financial guarantees issued, provisions and contingent liabilities**

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specific payments to reimburse the beneficiary of the guarantee (“the holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within creditors and accruals. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s accounting policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in the consolidated statement of profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in the consolidated statement of profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with Note 1(q)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee; and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in creditors and accruals in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

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

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

(r) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated statement of profit or loss as follows :-

(i) Sales of goods and income from sale of concession and consigned goods

Revenue and income are recognised when goods are sold and the related risks and rewards of ownership of the goods have been transferred to the customers. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Royalty income

Royalty income is accrued on a time proportioned basis over the term of the royalty agreement.

(iv) Dividends

Dividend income from unlisted investments is recognised when the shareholder’s right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

1. PRINCIPAL ACCOUNTING POLICIES (*cont'd*)**(s) Translation of foreign currencies**

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange differences are recognised in the consolidated statement of profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to consolidated statement of profit or loss when the profit or loss on disposal is recognised.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

1. **PRINCIPAL ACCOUNTING POLICIES** (cont'd)

(u) **Related parties**

- (a) A person, or a close member of that person's family, is related to the Group if that person :-
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies :-
- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary company is related to the others);
 - (ii) one entity is an associated company or joint venture of the other entity (or an associated company or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associated company of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(v) **Segment reporting**

An operating segment is a component of the Group that engages in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal financial reports that are provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources to and assess performance of the segment. For the periods presented, management has determined that the Group has a single reportable segment as the Group is only engaged in the sale of luxury goods.

2. REVENUE / SEGMENTAL INFORMATION

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are set out on pages 92 to 95.

Revenue represents the invoiced value of goods sold less discounts and returns, and income from concession and consignment sales.

Business segment

The Group has a single reportable segment which is the sale of luxury goods. Accordingly, the segment information for this sole operating segment is equivalent to the consolidated figures.

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods are delivered.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong (place of domicile)	<u>2,463,627</u>	<u>2,825,663</u>
Taiwan	648,076	755,842
China	273,617	366,757
Singapore / Malaysia	173,550	289,458
Other territories (Mainly Asia)	<u>62,465</u>	<u>84,510</u>
	<u>1,157,708</u>	<u>1,496,567</u>
Total	<u>3,621,335</u>	<u>4,322,230</u>

The following table sets out information about the geographical location of the Group's property, plant and equipment, intangible asset and interests in associated companies. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible asset, and the location of operations, in the case of interests in associated companies.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong (place of domicile)	<u>106,663</u>	<u>204,069</u>
Taiwan	36,021	70,471
China	29,488	45,224
Singapore / Malaysia	8,289	9,497
Other territories (Mainly Asia)	<u>3,804</u>	<u>11,004</u>
	<u>77,602</u>	<u>136,196</u>
Total	<u>184,265</u>	<u>340,265</u>

Information about major customers

The Group sells goods to numerous individual customers without concentration of reliance. There is no disclosable information of major customers under HKFRS 8, *Operating segments*.

3. OTHER (LOSS) / INCOME

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Available-for-sale equity securities : reclassified from equity		
— on disposal	5,364	39,616
— on impairment	(23,123)	(17,209)
Dividend income from listed securities	2,036	—
Interest income	8,151	17,320
Loss on disposal of property, plant and equipment	(2,379)	(2,375)
Net foreign exchange loss	(1,739)	(6,406)
Realised and unrealised gains from financial assets designated at fair value through profit or loss :-		
— interest income	2,547	10,726
— net fair value losses	(1,434)	(2,964)
	<u>(10,577)</u>	<u>38,708</u>

4. LOSS BEFORE TAXATION

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss before taxation is arrived at after charging / (crediting) :-		
Amortisation of intangible asset (Note 11)	18,866	18,866
Auditors' remuneration		
— audit services	5,642	5,472
— other services	14	100
Cost of inventories (Note 14)	1,830,349	2,233,180
Depreciation (Note 10)	77,541	107,385
Impairment loss on intangible asset recognised (Note 11)	56,598	—
Impairment loss on property, plant and equipment recognised (Note 10)	105,353	81,757
Impairment loss on trade debtors (written back) / recognised (Note 15(b))	(1,266)	1,634
Interest on bank overdrafts and loans repayable within five years	1,823	3,796
Operating lease charges for hire of plant and machinery, and other assets	2,231	2,497
Operating lease charges in respect of land and buildings		
— minimum lease payments	599,038	637,627
— contingent rent	206,534	239,705
Staff costs	556,049	613,167
Including :-		
Contributions to defined contribution retirement schemes	25,666	29,217
Expenses recognised in respect of defined benefit retirement scheme	189	227

5. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows :-

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	2016 Total HK\$'000
<i>Executive directors</i>					
Dickson Poon	10	5,578	1,820	18	7,426
Chan Tsang Wing, Nelson	10	4,303	2,762	18	7,093
Chan Hon Chung, Johnny Pollux	10	1,609	1,712	18	3,349
Lau Yu Hee, Gary	10	2,129	57	18	2,214
Ng Chan Lam	10	1,131	-	-	1,141
<i>Independent non-executive directors</i>					
Bhanusak Asvaintra	223	-	-	-	223
Nicholas Peter Etches	225	-	-	-	225
Christopher Patrick Langley, OBE	69	-	-	-	69
Leung Kai Hung, Michael	225	-	-	-	225
	792	14,750	6,351	72	21,965

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	2015 Total HK\$'000
<i>Executive directors</i>					
Dickson Poon	10	5,399	2,600	18	8,027
Raymond Lee	10	1,604	3,125	4	4,743
Chan Tsang Wing, Nelson	10	4,165	4,125	18	8,318
Chan Hon Chung, Johnny Pollux	10	1,588	1,712	18	3,328
Lau Yu Hee, Gary	10	2,091	57	18	2,176
Ng Chan Lam	10	905	330	-	1,245
Tsang Chi Kin	-	3,185	-	18	3,203
<i>Independent non-executive directors</i>					
Bhanusak Asvaintra	228	-	-	-	228
Nicholas Peter Etches	228	-	-	-	228
Christopher Patrick Langley, OBE	223	-	-	-	223
Leung Kai Hung, Michael	55	-	-	-	55
	794	18,937	11,949	94	31,774

6. REMUNERATION OF THE FIVE HIGHEST PAID INDIVIDUALS

Among the five highest paid individuals, three (2015 : three) are directors whose remuneration are disclosed in Note 5. The aggregate of the remuneration of the other two (2015 : two) highest paid individuals are as follows :-

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Salaries, allowances and benefits in kind	5,864	6,216
Discretionary bonuses	–	2,319
Retirement scheme contributions	33	27
	<u>5,897</u>	<u>8,562</u>

The remuneration of the two (2015 : two) individuals falls within the following bands :-

	2016 <i>Number of individuals</i>	2015 <i>Number of individuals</i>
HK\$2,000,001 – 2,500,000	1	–
HK\$3,000,001 – 3,500,000	1	–
HK\$3,500,001 – 4,000,000	–	1
HK\$4,500,001 – 5,000,000	–	1
	<u>2</u>	<u>2</u>

7. TAXATION

(a) Taxation in the consolidated statement of profit or loss represents :-

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	642	1,533
Over-provision in respect of prior years	(434)	(676)
	<u>208</u>	<u>857</u>
Current tax – Overseas		
Provision for the year	16,769	16,277
(Over) / under-provision in respect of prior years	(368)	439
	<u>16,401</u>	<u>16,716</u>
Deferred tax		
Origination and reversal of temporary differences (Note 19(a))	(11,431)	1,140
Total income tax expense	<u>5,178</u>	<u>18,713</u>

The provision for Hong Kong Profits Tax for 2016 is calculated at 16.5 per cent. (2015 : 16.5 per cent.) of the estimated assessable profits for the year.

Taxation for overseas subsidiary companies is charged at the appropriate current rates of taxation ruling in the relevant countries.

7. TAXATION (cont'd)

(b) Reconciliation between tax expense and accounting loss at applicable tax rates :-

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss before taxation	<u>(282,974)</u>	<u>(91,547)</u>
Notional tax on accounting loss calculated at applicable tax rates	(48,371)	(13,612)
Tax effect of non-deductible expenses	41,535	29,556
Tax effect of non-taxable revenue	(13,631)	(22,667)
Tax effect of prior years' unrecognised tax losses utilised this year	(12,238)	(19,251)
Tax effect of temporary differences not recognised	4,565	4,254
Tax effect of unused tax losses not recognised	34,120	40,670
Over-provision in prior years	<u>(802)</u>	<u>(237)</u>
Actual tax expenses	<u>5,178</u>	<u>18,713</u>

(c) None of the taxation payable / recoverable in the statement of financial position is expected to be settled after more than one year.

8. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year :-

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
No interim dividend was declared and paid (2015 : Nil)	<u>—</u>	<u>—</u>
Final dividend proposed after the end of the reporting period of HK11 cents (2015 : HK6 cents) per ordinary share	<u>41,850</u>	<u>23,369</u>

The final dividend proposed after the end of the reporting period have not been recognised as liabilities at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year :-

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK6 cents (2014 : HK20 cents) per ordinary share	<u>23,193</u>	<u>76,293</u>

9. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the loss for the year attributable to ordinary equity shareholders of the Company of HK\$288,152,000 (2015 : HK\$110,260,000) and the weighted average number of 384,136,826 ordinary shares (2015 : 386,826,049 ordinary shares) in issue during the year.

Weighted average number of ordinary shares

	2016 Number of shares <i>Thousands</i>	2015 Number of shares <i>Thousands</i>
Issued ordinary shares at 1st April	389,885	381,463
Effect of scrip dividend (Note 20)	—	5,395
Effect of repurchases of shares (Note 20)	<u>(5,748)</u>	<u>(32)</u>
Weighted average number of ordinary shares at 31st March	<u>384,137</u>	<u>386,826</u>

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures, equipment and others HK\$'000	Total HK\$'000
Cost :-				
At 1st April, 2015	108,872	484,531	354,429	947,832
Exchange difference	–	(6,229)	(1,035)	(7,264)
Additions	–	97,373	46,373	143,746
Disposals	–	(137,833)	(61,823)	(199,656)
At 31st March, 2016	<u>108,872</u>	<u>437,842</u>	<u>337,944</u>	<u>884,658</u>
Aggregate depreciation :-				
At 1st April, 2015	48,633	400,438	271,127	720,198
Exchange difference	–	(4,378)	(732)	(5,110)
Charge for the year	2,586	43,619	31,336	77,541
Impairment loss	–	63,482	41,871	105,353
Written back on disposals	–	(122,313)	(50,378)	(172,691)
At 31st March, 2016	<u>51,219</u>	<u>380,848</u>	<u>293,224</u>	<u>725,291</u>
Net book value :-				
At 31st March, 2016	<u>57,653</u>	<u>56,994</u>	<u>44,720</u>	<u>159,367</u>
Cost :-				
At 1st April, 2014	108,872	479,327	330,876	919,075
Exchange difference	–	(8,560)	(1,899)	(10,459)
Additions	–	75,426	51,270	126,696
Disposals	–	(61,662)	(25,818)	(87,480)
At 31st March, 2015	<u>108,872</u>	<u>484,531</u>	<u>354,429</u>	<u>947,832</u>
Aggregate depreciation :-				
At 1st April, 2014	46,047	334,555	232,678	613,280
Exchange difference	–	(6,766)	(1,618)	(8,384)
Charge for the year	2,586	65,872	38,927	107,385
Impairment loss	–	56,829	24,928	81,757
Written back on disposals	–	(50,052)	(23,788)	(73,840)
At 31st March, 2015	<u>48,633</u>	<u>400,438</u>	<u>271,127</u>	<u>720,198</u>
Net book value :-				
At 31st March, 2015	<u>60,239</u>	<u>84,093</u>	<u>83,302</u>	<u>227,634</u>

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Net book value of land and buildings comprises :-

	2016	2015
	HK\$'000	HK\$'000
Long-term leases in Hong Kong	27,802	29,299
Medium-term lease in Hong Kong	29,851	30,940
	<u>57,653</u>	<u>60,239</u>

The management performed an impairment assessment on the carrying value of certain property, plant and equipment of the Group's retail store investments at 31st March, 2016 in accordance with the accounting policy on impairment of assets. Based on the assessment, a full impairment of HK\$105,353,000 (2015 : HK\$81,757,000) was recognised in respect of the respective property, plant and equipment and charged to the consolidated statement of profit or loss. The recoverable amounts of these property, plant and equipment were determined based on the estimated future cash flows generated from these retail store investments for the remaining non-cancellable lease term of the respective retail stores at a discount rate of 10.9 per cent..

11. INTANGIBLE ASSET

	2016	2015
	HK\$'000	HK\$'000
Cost :-		
At 1st April and 31st March	<u>322,607</u>	<u>322,607</u>
Accumulated amortisation :-		
At 1st April	247,143	228,277
Amortisation for the year	18,866	18,866
Impairment loss	<u>56,598</u>	<u>—</u>
At 31st March	<u>322,607</u>	<u>247,143</u>
Net book value :-		
At 31st March	<u>—</u>	<u>75,464</u>

The intangible asset represents the exclusive distribution rights for "Tommy Hilfiger" apparel and other approved merchandise in Hong Kong, Taiwan, Singapore, Malaysia and Macau.

The amortisation charge for the year is included in "Administrative expenses" in the consolidated statement of profit or loss.

The management performed an impairment assessment on the carrying value of intangible asset at 31st March, 2016 in accordance with the accounting policy on impairment of assets. Based on the assessment, a full impairment of HK\$56,598,000 was recognised and charged to the consolidated statement of profit or loss. The recoverable amounts of the intangible asset were determined based on the estimated future cash flows generated by the respective operating regions for the remaining useful life of the exclusive distribution rights at a discount rate of 10.9 per cent..

12. ASSOCIATED COMPANIES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Share of net assets	<u>24,898</u>	<u>37,167</u>

Aggregate information of associated companies that are not individually material :-

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Aggregate carrying amount of individually immaterial associated company in the consolidated financial statements	24,898	37,167
Aggregate amounts of the Group's share of those associated companies		
Profit or loss from continuing operations	-	(7,249)
Post-tax profit or loss from discontinued operations	(5,542)	2,812
Dividend received	(1,679)	(7,650)
Other comprehensive income	(1,458)	136
Total comprehensive income	(7,000)	(4,301)

There is no principal associated company at the end of the reporting period which particulars are not disclosed in these financial statements.

Amount due to associated companies is interest free, unsecured and has no fixed term of repayment.

13. OTHER FINANCIAL ASSETS

Other financial assets comprise :-

	2016	2015
	HK\$'000	HK\$'000
Non-current assets		
Listed debt securities designated at fair value through profit or loss	–	68,853
Listed available-for-sale equity securities	28,100	61,426
Unlisted available-for-sale equity securities	215,623	153,583
	243,723	283,862
Current assets		
Listed debt securities designated at fair value through profit or loss	65,837	–
	309,560	283,862

Unlisted available-for-sale equity securities of HK\$215,623,000 (2015 : HK\$153,583,000) do not have a quoted market price in an active market and their fair values cannot be reliably measured. They are recognised at cost less impairment losses.

14. INVENTORIES

	2016	2015
	HK\$'000	HK\$'000
Inventories comprise :-		
Finished goods	652,063	836,229
Raw materials	–	8,400
	652,063	844,629

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows :-

	2016	2015
	HK\$'000	HK\$'000
Carrying amount of inventories sold	1,825,453	2,225,800
Write-down of inventories	4,896	7,380
	1,830,349	2,233,180

The write-down of inventories made during the year was due to a decrease in net realisable value of certain merchandise held for sale as a result of a change in consumer preferences.

15. DEBTORS, DEPOSITS AND PREPAYMENTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade debtors	92,734	137,707
Less : allowance for doubtful debts (Note 15(b))	<u>(5,209)</u>	<u>(16,129)</u>
	87,525	121,578
Other debtors, deposits and prepayments	<u>221,207</u>	<u>232,480</u>
	<u>308,732</u>	<u>354,058</u>

All debtors, deposits and prepayments of the Group, apart from certain rental deposits totalling HK\$147,828,000 (2015 : HK\$172,692,000), are expected to be recovered or recognised as an expense within one year.

(a) Ageing analysis

Included in debtors, deposits and prepayments are trade debtors (net of allowance for doubtful debts) with the following ageing analysis based on due date as at the end of the reporting period :-

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current	<u>84,641</u>	<u>119,851</u>
1 to 30 days overdue	2,760	1,027
31 to 60 days overdue	11	430
Over 60 days overdue	<u>113</u>	<u>270</u>
Amounts overdue	<u>2,884</u>	<u>1,727</u>
	<u>87,525</u>	<u>121,578</u>

Trade debtors are due within 30 to 90 days from the date of billing. Further details on the Group's credit policy are set out in Note 26(a).

15. DEBTORS, DEPOSITS AND PREPAYMENTS (cont'd)

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see Note 1(h)(i)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows :-

	2016	2015
	HK\$'000	HK\$'000
At 1st April	16,129	14,648
Exchange difference	(87)	(153)
Impairment loss (written back) / recognised	(1,266)	1,634
Bad debts written off	(9,567)	—
	<u>5,209</u>	<u>16,129</u>
At 31st March	5,209	16,129

At 31st March, 2016, the Group's trade debtors of HK\$5,209,000 (2015 : HK\$16,129,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that none or only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of HK\$5,209,000 (2015 : HK\$16,129,000) were recognised. The Group does not hold any collateral over these balances.

(c) Trade debtors that are not impaired

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

	2016	2015
	HK\$'000	HK\$'000
1 to 30 days overdue	2,760	1,027
31 to 60 days overdue	11	430
Over 60 days overdue	113	270
	<u>2,884</u>	<u>1,727</u>

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

16. CASH AND BANK BALANCES

The effective deposit interest rates at the end of the reporting period for the Group is 0.59 per cent. (2015 : 0.89 per cent.). Their refixing dates are all within one year.

17. BANK LOANS

At the end of the reporting period, the bank loans were repayable within one year and were secured as follows :-

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Secured	10,183	11,090
Unsecured	<u>64,712</u>	<u>59,009</u>
	<u><u>74,895</u></u>	<u><u>70,099</u></u>

At the end of the reporting period, the banking facilities of a subsidiary company were secured by a charge over certain debt securities with carrying value of HK\$38,639,000 (2015 : HK\$40,238,000).

The effective borrowing interest rate at the end of the reporting period for the Group is 2.24 per cent. (2015 : 2.03 per cent.) and its refixing date is within one year.

18. CREDITORS AND ACCRUALS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade creditors	204,184	197,307
Amount due to an associated company	–	1,157
Net defined benefit liability	402	1,199
Other creditors and accruals	<u>485,410</u>	<u>443,646</u>
	<u><u>689,996</u></u>	<u><u>643,309</u></u>

Included in creditors and accruals are trade creditors with the following ageing analysis based on due date as at the end of the reporting period :-

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current	187,716	190,770
1 to 30 days overdue	14,611	4,419
31 to 60 days overdue	863	1,257
Over 60 days overdue	<u>994</u>	<u>861</u>
	<u><u>204,184</u></u>	<u><u>197,307</u></u>

The amount of the Group's creditors and accruals expected to be settled after more than one year is HK\$54,648,000 (2015 : HK\$46,184,000).

19. DEFERRED TAXATION

(a) Net deferred tax (assets) / liabilities recognised in the consolidated statement of financial position :-

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Deferred tax assets	(2,292)	(3,804)
Deferred tax liabilities	<u>30,386</u>	<u>43,219</u>
	<u>28,094</u>	<u>39,415</u>

The components of deferred tax (assets) / liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows :-

Deferred tax arising from :-	Depreciation allowances in excess of the related depreciation <i>HK\$'000</i>	Future benefit of tax losses <i>HK\$'000</i>	Undistributed profits of subsidiary and associated companies <i>HK\$'000</i>	Other temporary differences <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2015	2,799	(2)	40,438	(3,820)	39,415
Exchange difference	-	-	-	108	108
Charged / (credited) to the consolidated statement of profit or loss	(134)	-	(12,714)	1,417	(11,431)
Charged to reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
At 31st March, 2016	<u>2,665</u>	<u>(2)</u>	<u>27,724</u>	<u>(2,293)</u>	<u>28,094</u>
At 1st April, 2014	2,897	(139)	40,207	(4,745)	38,220
Exchange difference	-	-	-	73	73
Charged / (credited) to the consolidated statement of profit or loss	(98)	137	231	870	1,140
Credited to reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>(18)</u>
At 31st March, 2015	<u>2,799</u>	<u>(2)</u>	<u>40,438</u>	<u>(3,820)</u>	<u>39,415</u>

19. DEFERRED TAXATION (cont'd)

(b) Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items :-

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Deductible temporary differences	20,054	20,609
Future benefit of tax losses	141,239	147,318
	<u>161,293</u>	<u>167,927</u>

The Group has not recognised deferred tax assets in respect of tax losses of certain subsidiary companies as it is not probable that the subsidiary companies will generate sufficient future taxable profits against which the accumulated tax losses may be offset in the foreseeable future. HK\$60,902,000 (2015 : HK\$86,479,000) future benefit of tax losses will expire within a range of 1 to 4 years from 1st April, 2016. The remaining balance of tax losses has no expiry date under current tax legislation.

(c) Deferred tax liabilities not recognised

At 31st March, 2016, temporary differences relating to the undistributed profits of a subsidiary company amounted to HK\$252,821,000 (2015 : HK\$255,843,000). Deferred tax liabilities of HK\$24,192,000 (2015 : HK\$24,541,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of this subsidiary company and that it is probable that retained profits will not be distributed in the foreseeable future.

20. SHARE CAPITAL

	2016		2015	
	Number of shares <i>Thousands</i>	Nominal value <i>HK\$'000</i>	Number of shares <i>Thousands</i>	Nominal value <i>HK\$'000</i>
Authorised :-				
Ordinary shares of HK\$0.30 each	<u>518,000</u>	<u>155,400</u>	<u>518,000</u>	<u>155,400</u>
Issued and fully paid :-				
Ordinary shares of HK\$0.30 each				
Balance brought forward	389,885	116,965	381,463	114,439
New ordinary shares issued under scrip dividend scheme	–	–	9,467	2,840
Repurchases of shares	<u>(9,433)</u>	<u>(2,830)</u>	<u>(1,045)</u>	<u>(314)</u>
Balance carried forward	<u>380,452</u>	<u>114,135</u>	<u>389,885</u>	<u>116,965</u>

20. SHARE CAPITAL (cont'd)

During the year ended 31st March, 2015, 9,467,039 new fully paid ordinary shares were issued and allotted at HK\$4.40 per share to the shareholders who elected to receive new ordinary shares in lieu of cash pursuant to the scrip dividend scheme in relation to the final dividend for the year ended 31st March, 2014.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the year ended 31st March, 2015, the Company repurchased a total of 1,045,000 ordinary shares on the Stock Exchange at an aggregate purchase price (excluding expenses) of HK\$3,260,310 and such repurchased shares were cancelled on 8th May, 2015. Details of the ordinary shares repurchased on the Stock Exchange during the year ended 31st March, 2015 are as follows :-

Month of repurchase	Number of ordinary shares repurchased	Highest purchase price per ordinary share HK\$	Lowest purchase price per ordinary share HK\$	Aggregate purchase price (excluding expenses) HK\$
March 2015	1,045,000	3.30	3.10	3,260,310

During the year ended 31st March, 2016, the Company repurchased a total of 9,433,328 ordinary shares on the Stock Exchange at an aggregate purchase price (excluding expenses) of HK\$30,370,744. Such repurchased shares were subsequently cancelled during the year. Details of the ordinary shares repurchased on the Stock Exchange during the year are as follows :-

Month of repurchase	Number of ordinary shares repurchased	Highest purchase price per ordinary share HK\$	Lowest purchase price per ordinary share HK\$	Aggregate purchase price (excluding expenses) HK\$
April 2015	408,500	3.35	3.30	1,362,970
May 2015	1,000,000	3.30	3.25	3,295,875
June 2015	1,929,828	3.29	3.25	6,313,210
October 2015	6,081,500	3.40	2.80	19,369,079
January 2016	13,500	2.22	2.15	29,610

As a result of the above share repurchases, the issued share capital of the Company was accordingly reduced by the par value of the aforesaid repurchased ordinary shares which were cancelled during the year. As at the date of these financial statements, the number of issued shares of the Company is 380,451,745 ordinary shares.

The directors believe that the above share repurchases are in the best interests of the Company and its shareholders and that such share repurchases would lead to an enhancement of the net assets value and / or earnings per share of the Company.

20. SHARE CAPITAL *(cont'd)*

On 18th July, 2013 (“the Adoption Date”), the Company adopted a share option scheme (“the Scheme”). Pursuant to the Scheme, the board of directors (“the Board”) may offer to grant an option to any current employee (including executive directors, non-executive directors and independent non-executive directors) of the Company and / or any of its subsidiary companies (“the Participant”) to subscribe for shares of the Company. The Scheme serves to recognise the contribution of the employees to the growth of the Group and to provide incentives for their contribution to the future success of the Group.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Company (excluding options lapsed in accordance with any other schemes of the Company) must not in aggregate exceed 10 per cent. of the shares in issue at the Adoption Date. The aforesaid 10 per cent. limit may be increased to 30 per cent. of the shares in issue from time to time by refreshment and separate approval by the shareholders of the Company in general meeting.

The total number of shares issued and to be issued upon exercise of the options granted to each Participant (included exercised, cancelled and outstanding options) under the Scheme in any 12-month period must not exceed 1 per cent. of the shares in issue unless approved by the shareholders of the Company in general meeting.

An option may be exercised at any time during such option period as the Board may in its absolute discretion determine, save that such period shall not expire later than 10 years after the date of grant of the option. The Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, i.e. until 17th July, 2023.

The Board may at its discretion when offering the grant of an option impose any conditions, restrictions or limitations in relation thereto additional to those set forth in the Scheme as it may think fit (to be stated in the letter containing the offer of the grant of the option). Unless otherwise specified in the letter offering the grant of an option, no performance target is required to be achieved and no minimum period for which an option must be held before an option or part thereof can be exercised.

An offer of the grant of an option under the Scheme shall be deemed to have been accepted when the duplicate letter comprising acceptance of the option duly signed by the relevant Participant together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company.

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option but shall be at least the higher of :-

- (a) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the option;
- (b) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant of the option; and
- (c) the nominal value of the shares.

As at 31st March, 2016, no share options had been granted to any of the directors or employees of the Company or any of its subsidiary companies under the Scheme.

21. CAPITAL AND RESERVES

The Group

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity on page 48.

The Company

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below :-

	Share capital HK\$'000	Share premium HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April, 2015	116,965	503,758	487,244	1,107,967
Dividends approved / paid in respect of prior year (Note 8(b))				
– by means of cash	–	–	(23,193)	(23,193)
Repurchase of shares of the Company	(2,830)	(27,693)	–	(30,523)
Profit for the year	–	–	23,254	23,254
	<u>114,135</u>	<u>476,065</u>	<u>487,305</u>	<u>1,077,505</u>
At 31st March, 2016	<u>114,135</u>	<u>476,065</u>	<u>487,305</u>	<u>1,077,505</u>
At 1st April, 2014	114,439	467,898	487,009	1,069,346
Dividends approved / paid in respect of prior year (Note 8(b))				
– by means of cash	–	–	(34,638)	(34,638)
– by means of scrip dividend (Note 20)	2,840	38,815	(41,655)	–
Repurchase of shares of the Company	(314)	(2,955)	–	(3,269)
Profit for the year	–	–	76,528	76,528
	<u>116,965</u>	<u>503,758</u>	<u>487,244</u>	<u>1,107,967</u>
At 31st March, 2015	<u>116,965</u>	<u>503,758</u>	<u>487,244</u>	<u>1,107,967</u>

(a) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Bermuda Companies Act 1981 and the New Bye-Laws of the Company.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 1(s).

(iii) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the end of the reporting period and is dealt with in accordance with the accounting policies in Notes 1(d) and 1(h)(i).

(b) Distributability of reserves

The distributable reserves of the Company at 31st March, 2016 amounted to HK\$487,305,000 (2015 : HK\$487,244,000).

21. CAPITAL AND RESERVES (cont'd)

(c) Capital management

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern as well as maximising returns for shareholders and benefits for other stakeholders.

The Group's strategy is to maintain a prudent gearing ratio and a solid base to support the operations and development of its business in the long term. No changes were made in the objectives, policies or processes during the years ended 31st March, 2016 and 31st March, 2015 respectively.

At 31st March, 2016, the Group had bank loans amounting to HK\$74,895,000 (2015 : HK\$70,099,000). The gearing ratio, being total bank borrowings net of cash balances as a percentage of consolidated capital and reserves is Nil (as at 31st March, 2015 : Nil).

The Group's capital structure is as follows :-

	The Group	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total equity	<u>2,017,533</u>	<u>2,388,155</u>

Neither the Company nor any of its subsidiary companies are subject to externally imposed capital requirements.

22. MATERIAL RELATED PARTY TRANSACTIONS

The following material transactions with related parties were in the opinion of the directors carried out in the ordinary and usual course of business and on normal commercial terms :-

(a) Transactions with associated companies :-

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Purchases of goods	<u>2,593</u>	<u>17,095</u>

There were no amount due from these associated companies at 31st March, 2016 (2015 : Nil) and the amount due to these associated companies at 31st March, 2016 amounted to HK\$24,300,000 (2015 : HK\$35,116,000), which is interest free and unsecured. Except for the amount of HK\$24,300,000 (2015 : HK\$33,959,000) which has no fixed term of repayment, the balance has repayment term of 30 days.

22. MATERIAL RELATED PARTY TRANSACTIONS (cont'd)

- (b) Transactions with companies in which a director of the Company has beneficial interests :-

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Sales of goods	20,440	44,382
Purchases of goods	14,128	21,853
Income from the provision of management and supporting service	12,622	15,469
Rental income	19,318	19,302
Advertising and promotion service expenses	10,245	16,142
Commission expenses	<u>12,872</u>	<u>15,104</u>

The amount due from these companies at 31st March, 2016 amounted to HK\$4,741,000 (2015 : HK\$12,593,000) and the amount due to these companies at 31st March, 2016 amounted to HK\$17,574,000 (2015 : HK\$7,284,000), which are interest free, unsecured and have repayment terms ranging from 20 days to 90 days.

- (c) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of Note 22(b) above that constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules and required disclosures under Chapter 14A of the Listing Rules are provided in "Continuing Connected Transactions" section of the Report of the Directors on pages 24 to 29.

23. EMPLOYEE RETIREMENT BENEFITS

- (a) Defined benefit retirement scheme

The Group makes contributions to a defined benefit retirement scheme which covers certain employees of the Group's Taiwan operation. The scheme is administered by independent trustees with their assets held separately from those of the Group. The scheme is funded by contributions from the Group as determined and approved by the relevant government authorities. The latest independent actuarial valuation of the scheme was at 31st March, 2016 and was prepared by Dr. Magic Lin, Actuary, EA, A.S.A., FAIRC, Ph.D.. The Group has contributed HK\$86,000 (2015 : HK\$100,000) to the scheme.

The present value of obligations under the scheme is HK\$11,705,000 (2015 : HK\$12,845,000) with HK\$11,303,000 (2015 : HK\$11,646,000) covered by plan assets carried at fair value, which are mainly composed of bank deposits.

Current service cost, including net interest on the scheme, of HK\$189,000 (2015 : HK\$227,000) was charged to profit or loss, with actuarial gain of HK\$865,000 (2015 : HK\$451,000) recognised in other comprehensive income. Discount rate of 1.5 per cent. (2015 : 2.0 per cent.) and future salary increase of 3.8 per cent. (2015 : 3.8 per cent.) are used by the Group as significant actuarial assumptions for the valuations. Sensitivity analysis on significant actuarial assumptions is not performed as the changes in actuarial assumptions would not have a material effect on the Group's result for the year.

23. EMPLOYEE RETIREMENT BENEFITS (cont'd)

(b) Defined contribution retirement scheme

The Group operates a Mandatory Provident Fund Scheme (“the MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement scheme. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5 per cent. of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000 (HK\$25,000 prior to June 2014). Contributions to the scheme vest immediately.

Employees of the Group’s subsidiary companies in China are required to participate in defined contribution retirement schemes which are administered and operated by the local municipal government. The Group’s subsidiary companies contribute funds which are calculated on certain percentage of the payroll to the schemes to fund the retirement benefits of the employees. Contributions to the schemes vest immediately.

A subsidiary company and branches of subsidiary companies of the Group in Taiwan have a defined contribution scheme governed by the Taiwan Labor Pension Act. Under the scheme, a subsidiary company and branches of subsidiary companies of the Group in Taiwan contribute monthly to the Bureau of Labor Insurance 6 per cent. of the payroll of the employees who choose to participate in the scheme. Contributions to the scheme vest immediately.

24. COMMITMENTS

(a) Capital commitments outstanding at 31st March, 2016 not provided for in the financial statements were as follows :-

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Contracted for	2,576	10,199
Authorised but not contracted for	10,543	–
	<u>13,119</u>	<u>10,199</u>

(b) At 31st March, 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows :-

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within one year	482,339	623,076
After one year but within five years	878,826	1,205,493
After five years	273,600	360,740
	<u>1,634,765</u>	<u>2,189,309</u>

The leases run for an initial period of 1 to 10 years, with an option to renew the lease when all terms are renegotiated. In addition to the minimum rental payments disclosed above, the Group has a commitment to pay additional rent of a proportion of revenue for certain leased properties if the revenue generated from those leased properties exceeds the predetermined levels. Contingent rentals are not included in the above commitments as it is not possible to estimate the amounts which may be payable.

25. CONTINGENT LIABILITIES

At 31st March, 2016, the Company had the following contingent liabilities in respect of :-

- (a) Guarantees of HK\$1,049,360,000 (2015 : HK\$1,086,089,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK\$204,090,000 (2015 : HK\$173,045,000) at the end of the reporting period.
- (b) Guarantees given to licensors to guarantee the performance by certain subsidiary companies of obligations under certain agreements. The amount due under the agreements was HK\$11,150,000 (2015 : HK\$11,717,000) at the end of the reporting period.

As at the end of the reporting period, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. No provision was therefore made in this respect at 31st March, 2016 and 31st March, 2015 respectively.

The Company has not recognised any deferred income in respect of the guarantees given as their fair value cannot be reliably measured and their transaction price was Nil.

26. FINANCIAL RISK MANAGEMENT

The Group's activities exposed the Group mainly to credit, liquidity, interest rate and foreign exchange risks. The Group's overall risk management programme seeks to minimise potential adverse effects of these financial risks on the Group's financial performance.

(a) Credit risk

The Group's credit risk is primarily attributable to cash at banks, bank deposits, debt securities and debtors, deposits and prepayments. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash at banks and bank deposits are placed with major financial institutions. The Group monitors the exposure to each single financial institution.

The Group made transactions with counterparties with acceptable credit quality in conformance to the Group treasury policies to minimise credit exposure. Acceptable credit ratings from reputable credit rating agencies is an important criterion in the selection of counterparties. The credit quality of counterparties will be closely monitored over the life of the transaction. The Group reviews its financial counterparties periodically in order to reduce credit risk concentrations relative to the underlying size and credit strength of each counterparty.

For debtors, deposits and prepayments, credit checks are part of the normal operating process and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group reviews the recoverable amounts of debtors, deposits and prepayments at each end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Sales to retail customers are made in cash or via major credit cards.

The Group has no significant concentration of credit risk with exposure spread over a number of counterparties and customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

Further quantitative disclosure in respect of the Group's exposure to credit risk arising from debtors, deposits and prepayments are set out in Note 15.

26. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's Board when the borrowings exceed certain pre-determined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient cash and an adequate amount of credit facilities from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	Carrying amount <i>HK\$'000</i>	Total contractual undiscounted cashflow <i>HK\$'000</i>	Within one year or on demand <i>HK\$'000</i>	More than one year but less than five years <i>HK\$'000</i>	More than five years <i>HK\$'000</i>
At 31st March, 2016					
Creditors and accruals	689,996	689,996	635,348	46,710	7,938
Bills payable	895	895	895	-	-
Amount due to associated companies	24,300	24,300	-	24,300	-
Bank loans	74,895	75,008	75,008	-	-
	<u>790,086</u>	<u>790,199</u>	<u>711,251</u>	<u>71,010</u>	<u>7,938</u>
At 31st March, 2015					
Creditors and accruals	643,309	643,309	597,124	44,494	1,691
Bills payable	17,269	17,269	17,269	-	-
Amount due to associated companies	33,959	33,959	-	33,959	-
Bank loans	70,099	70,229	70,229	-	-
	<u>764,636</u>	<u>764,766</u>	<u>684,622</u>	<u>78,453</u>	<u>1,691</u>

26. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Interest rate risk

Except for the short-term bank borrowings of HK\$74,895,000 (2015 : HK\$70,099,000) held at effective interest rate of 2.24 per cent. (2015 : 2.03 per cent.), the Group has no significant interest bearing liabilities. The short-term bank borrowings at floating rate expose the Group to cash flow interest rate risk which is insignificant to the Group. The Group's exposure to changes in interest rates also relates to bank deposits and debt securities and the Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulting from changes in interest rates.

(d) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from commercial transactions, recognised assets and liabilities and net investments in foreign operations.

As at the year end, the foreign exchange risk of the Group arising from commercial transactions, recognised assets and liabilities is considered to be insignificant. This is due to the Group's transactions being generally denominated in the functional currencies of the respective group entities, while balances denominated in currencies other than the functional currency of the relevant group entity are generally settled promptly leaving minimal outstanding foreign currency position as at the end of the reporting period.

To manage foreign exchange risk arising from commercial transactions, recognised assets and liabilities, companies in the Group may use forward foreign exchange contracts when major fluctuation in the relevant foreign currency is anticipated. There were no outstanding forward contracts as at 31st March, 2016 (2015 : Nil).

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operation such as Singapore is managed partially through borrowings denominated in their relevant foreign currencies.

(e) Price risk

The Group is exposed to equity price risk because investments held by the Group are classified on the consolidated statement of financial position as financial assets designated at fair value through profit or loss and available-for-sale financial assets.

At 31st March, 2016, if there had been a 1 per cent. (2015 : 1 per cent.) increase / decrease in the fair value of financial assets designated at fair value through profit or loss and available-for-sale financial assets with all other variables held constant, the Group's equity would have increased / decreased by HK\$939,000 (2015 : HK\$1,303,000) and the Group's loss after tax would have decreased / increased by HK\$658,000 (2015 : HK\$689,000).

27. FAIR VALUE MEASUREMENT

Other financial assets are stated at fair value. Fair values are measured based on quoted prices in active markets, value inputs that are observable either directly or indirectly and / or value inputs that are not based on observable market data.

An analysis of the Group's other financial assets based on the degree to which their fair values are observable is as follows :-

Level 1: quoted prices in active markets

Level 2: value inputs, other than quoted prices, that are observable either directly or indirectly

Level 3: value inputs that are not based on observable market data

	Level 1 HK\$'000	Total HK\$'000
At 31st March, 2016		
Recurring fair value measurements		
Other financial assets		
Listed debt securities designated at fair value through profit or loss	65,837	65,837
Listed available-for-sale equity securities	28,100	28,100
	93,937	93,937
At 31st March, 2015		
Recurring fair value measurements		
Other financial assets		
Listed debt securities designated at fair value through profit or loss	68,853	68,853
Listed available-for-sale equity securities	61,426	61,426
	130,279	130,279

The movement during the year in the balance of Level 3 fair value measurements is as follows :-

	2016 HK\$'000	2015 HK\$'000
At 1st April	-	155,194
Transfer out of Level 3 to cost less impairment losses	-	(77,584)
Transfer out of Level 3 to Level 1 upon listing	-	(77,610)
At 31st March	-	-

Other than the above, there were no transfers among different levels of fair value hierarchy.

28. ACCOUNTING ESTIMATES AND JUDGEMENTS

Note 26 contains information about the assumptions and their risk factors relating to financial risk management. Other estimates and judgements are discussed below :-

(a) Recognition of deferred tax assets

As explained in Note 19, the Group recognises deferred tax assets in respect of tax losses based on the management's estimation of future taxable profits against which the accumulated tax losses may be offset in the foreseeable future for each individual subsidiary company. It is possible that certain assumptions adopted in the preparation of the profit forecasts for these operations may not be indicative of future taxable profits against which the accumulated tax losses may be offset. Any increase or decrease in the provision for deferred taxation would affect the Group's net asset value.

(b) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets. The depreciation expense for future periods is adjusted if there are material changes from previous estimates.

(c) Inventories

The Group evaluates the carrying value of inventories based on their estimated net realisable value. It is possible that the actual net realisable value may be different from that estimated due to changes in consumer preference and retail market environment.

(d) Assessment of impairment of other non-current assets

The Group conducts impairment reviews of other non-current assets that are subject to depreciation and amortisation whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Management assesses the recoverable amount of each non-current asset based on its value in use or on its fair value less costs to sell (by reference to market prices), depending upon the anticipated future plans for the assets. These calculations require the use of judgements and estimates.

29. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	NOTE	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Subsidiary companies		<u>1,833,321</u>	<u>1,833,321</u>
Current assets			
Debtors, deposits and prepayments		169	170
Cash and bank balances		<u>16,069</u>	<u>16,032</u>
		<u>16,238</u>	<u>16,202</u>
Current liabilities			
Creditors and accruals		<u>132</u>	<u>165</u>
		<u>132</u>	<u>165</u>
Net current assets		<u>16,106</u>	<u>16,037</u>
Total assets less current liabilities		1,849,427	1,849,358
Non-current liabilities			
Amount due to a subsidiary company		<u>771,922</u>	<u>741,391</u>
Net assets		<u>1,077,505</u>	<u>1,107,967</u>
Capital and reserves			
Share capital	21	114,135	116,965
Reserves		<u>963,370</u>	<u>991,002</u>
Total equity attributable to equity shareholders of the Company		<u>1,077,505</u>	<u>1,107,967</u>

Approved and authorised for issue by the Board of Directors on 30th May, 2016.



Dickson Poon
Group Executive Chairman



Chan Hon Chung, Johnny Pollux
Executive Director

30. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST MARCH, 2016

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31st March, 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group :-

	Effective for accounting periods beginning on or after
Annual improvements to HKFRSs 2012-2014 Cycle	1st January, 2016
Amendments to HKFRS 10 and HKAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	1st January, 2016
Amendments to HKFRS 11, <i>Accounting for acquisitions of interests in joint operations</i>	1st January, 2016
Amendments to HKAS 1, <i>Disclosure initiative</i>	1st January, 2016
Amendments to HKFRS 16 and HKAS 38, <i>Clarification of acceptable methods of depreciation and amortisation</i>	1st January, 2016
HKFRS 15, <i>Revenue from contracts with customers</i>	1st January, 2018
HKFRS 9, <i>Financial instruments</i>	1st January, 2018

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the above developments and new standards may be relevant to the consolidated financial statements but the impact upon adoption of them is yet to be determined.

Name	Issued share capital / Registered capital	Effective percentage shareholding		Principal activities	Place of incorporation / operation
		Directly	Indirectly		
PRINCIPAL SUBSIDIARY COMPANIES :-					
Ambrose China Limited	US\$1	–	100	Sale of watches, leather goods and fashion products	British Virgin Islands / Hong Kong
* Bertolucci SA	CHF4,700,000	–	100	Sale of watches	Switzerland
Bestway Holdings Limited 裕宏集團有限公司	HK\$3,500,000	–	100	Investment holding and sale of luxury tableware	Hong Kong
Bondwood Investments Limited 寶活投資有限公司	HK\$2	–	100	Sale of leather goods and fashion products	Hong Kong
Castlereagh Limited	US\$2	100	–	Investment holding	British Virgin Islands
* D Marketing Japan K.K.	YEN35,000,000	–	100	Sale of watches	Japan
Dickson Concepts Limited 迪生創建有限公司	HK\$1,000	–	100	Investment holding and provision of management consultancy and professional services	Hong Kong
Dickson Concepts (Retail) Limited	HK\$2	–	100	Sale of watches and fashion products	Hong Kong
Dickson Concepts (Wholesale) Limited	HK\$10,000	–	100	Sale of watches and fashion products	Hong Kong
* Dickson Cyber Ventures Holdings Limited	US\$1	–	100	Investment holding	British Virgin Islands
Dickson Interior Design Limited 迪生室內設計有限公司	HK\$2	–	100	Provision of interior design services	Hong Kong

Name	Issued share capital / Registered capital	Effective percentage shareholding		Principal activities	Place of incorporation / operation
		Directly	Indirectly		
PRINCIPAL SUBSIDIARY COMPANIES (cont'd) :-					
Dickson Investments (H.K.) Limited	HK\$2	–	100	Sale of luxury tableware	Hong Kong
* Dickson Licensing Limited	US\$1	100	–	Trademarks agency	British Virgin Islands
* Dickson Macau Limited	MOP25,000	–	100	Sale of fashion products	Macau
* Dickson (Shanghai) Company Limited	US\$200,000	–	100 foreign-owned enterprise	Sale of watches and fashion products	China
Dickson Stores Pte Ltd	S\$700,000	–	100	Sale of watches and fashion products	Singapore
Dickson Trading (Asia) Company Limited 迪生貿易(亞洲)有限公司	HK\$1,000,000	–	100	Sale of fashion products	Hong Kong / Taiwan
Dickson Warehousing Limited 迪生倉務有限公司	HK\$2	–	100	Operation of warehouses	Hong Kong
* Ever Success Consultancy (Shenzhen) Limited	HK\$1,000,000	–	100 foreign-owned enterprise	Provision of management consultancy and professional services	China
Ever Success Management Limited 永盛管理有限公司	HK\$2	–	100	Provision of management consultancy and professional services	Hong Kong

Name	Issued share capital / Registered capital	Effective percentage shareholding		Principal activities	Place of incorporation / operation
		Directly	Indirectly		
PRINCIPAL SUBSIDIARY COMPANIES (cont'd) :-					
Harmonious Time Limited	HK\$2	–	100	Investment holding	Hong Kong
Harvey Nichols (Hong Kong) Limited	HK\$10,000,000	–	100	Operation of Harvey Nichols, Beauty Avenue and Beauty Bazaar stores and sale of fashion products	Hong Kong
Hong Kong Stores Co. Ltd.	US\$65,000	100	–	Sale of fashion jewellery and fashion products	British Virgin Islands / Hong Kong
Hong Kong Stores (LP) Limited	HK\$20	–	100	Sale of fashion products	Hong Kong
* Leading Way Apparel Shanghai Limited	US\$200,000	–	100 foreign-owned enterprise	Sale of watches, leather goods and fashion products	China
* Kinford International Limited	US\$1	100	–	Investment holding	British Virgin Islands
Mighty Achievements Investments Limited	HK\$2	–	100	Property investment	Hong Kong
Mighty Leader Limited 霸令有限公司	HK\$2	–	100	Arrangement of property tenancy agreements	Hong Kong
Pui Chak Enterprises Limited 培澤企業有限公司	HK\$24,000	–	100	Property investment	Hong Kong

Name	Issued share capital / Registered capital	Effective percentage shareholding		Principal activities	Place of incorporation / operation
		Directly	Indirectly		
PRINCIPAL SUBSIDIARY COMPANIES (cont'd) :-					
* Raglan Resources Limited	US\$1	–	100	Investment holding	British Virgin Islands
* Shenzhen Dickson Retail Limited	HK\$3,500,000	–	100 foreign-owned enterprise	Sale of fashion products	China
The Dickson Shop Sdn. Bhd.	RM3	–	100	Sale of fashion products	Malaysia
The Dickson Trading (Taiwan) Co., Ltd.	NTD200,000,000	–	100	Sale of watches and fashion products	Taiwan
Tommy Hilfiger Asia-Pacific Limited	US\$2	–	100	Sale of fashion products	British Virgin Islands / Taiwan
Top Creation Limited	HK\$2	–	100	Sale of fashion products	Hong Kong
Top Strength Ventures Limited	US\$130,000	–	100	Sale of fashion products	British Virgin Islands / Hong Kong
* 联彩国际贸易(深圳)有限公司	RMB1,000,000	–	100 foreign-owned enterprise	Provision of import services	China

The issued share capital of all the above principal subsidiary companies consists of ordinary shares.

* Companies not audited by KPMG

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
CONSOLIDATED STATEMENT OF PROFIT OR LOSS					
Revenue	<u>3,621,335</u>	<u>4,322,230</u>	<u>4,353,361</u>	<u>4,126,217</u>	<u>3,985,304</u>
(Loss) / profit before taxation	<u>(282,974)</u>	<u>(91,547)</u>	<u>169,166</u>	<u>267,836</u>	<u>252,190</u>
Taxation	<u>(5,178)</u>	<u>(18,713)</u>	<u>(14,336)</u>	<u>(38,559)</u>	<u>(63,298)</u>
(Loss) / profit for the year	<u>(288,152)</u>	<u>(110,260)</u>	<u>154,830</u>	<u>229,277</u>	<u>188,892</u>
Attributable to :-					
Equity shareholders of the Company	<u>(288,152)</u>	<u>(110,260)</u>	<u>154,830</u>	<u>229,277</u>	<u>186,706</u>
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,186</u>
(Loss) / profit for the year	<u>(288,152)</u>	<u>(110,260)</u>	<u>154,830</u>	<u>229,277</u>	<u>188,892</u>
CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
Property, plant and equipment	159,367	227,634	305,795	381,868	383,912
Intangible asset	-	75,464	94,330	113,196	132,062
Goodwill	-	-	-	13,900	13,900
Associated companies	24,898	37,167	49,117	57,807	54,955
Deferred tax assets	2,292	3,804	4,729	6,363	10,399
Other financial assets	243,723	283,862	224,443	219,751	337,902
Net current assets	<u>1,641,939</u>	<u>1,837,402</u>	<u>1,945,792</u>	<u>1,748,681</u>	<u>1,473,375</u>
Total assets less current liabilities	2,072,219	2,465,333	2,624,206	2,541,566	2,406,505
Deferred tax liabilities	30,386	43,219	42,949	40,950	38,995
Amount due to associated companies	<u>24,300</u>	<u>33,959</u>	<u>32,827</u>	<u>30,752</u>	<u>6,750</u>
Net assets	<u>2,017,533</u>	<u>2,388,155</u>	<u>2,548,430</u>	<u>2,469,864</u>	<u>2,360,760</u>
Share capital	114,135	116,965	114,439	111,693	111,693
Reserves	<u>1,903,398</u>	<u>2,271,190</u>	<u>2,433,991</u>	<u>2,358,171</u>	<u>2,249,055</u>
Total equity attributable to equity shareholders of the Company	2,017,533	2,388,155	2,548,430	2,469,864	2,360,748
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>
Total equity	<u>2,017,533</u>	<u>2,388,155</u>	<u>2,548,430</u>	<u>2,469,864</u>	<u>2,360,760</u>
OTHER FINANCIAL DATA					
(Loss) / earnings per share (HK cents)	(75.0)	(28.5)	41.0	61.6	50.1
Dividend per share (HK cents)	11.0	6.0	31.0	31.0	33.0