

# JOYCE BOUTIQUE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)  
(於百慕達註冊成立的有限公司)

# JOYCE

STOCK CODE 股份代號：647

**INTERIM REPORT TO SHAREHOLDERS**  
for the half-year period ended 30 September 2011

致股東中期報告書  
截至二〇一一年九月三十日止半年度

## GROUP RESULTS

The unaudited Group profit attributable to Shareholders for the six months ended 30 September 2011 amounted to HK\$72.8 million, an increase of 80.5% as compared with the profit of HK\$40.4 million for the corresponding period last year. Earnings per share were 4.5 cents (2010: 2.5 cents).

## INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2011 (six-month period ended 30 September 2010: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### *BUSINESS REVIEW*

For the first six months of the financial year, the Group continued its growth momentum of last financial year and recorded a net profit of HK\$72.8 million as compared to HK\$40.4 million for the same period last year. The satisfactory increase in profitability is mainly attributable to the 17.3% growth in turnover and the 3.8 percentage-point increase in margin despite a decrease in the operating profit of the China division due to the pre-opening expenses incurred for new shop openings in China.

During the period, the Group opened two new shops in Hong Kong, namely, Etro and Neil Barrett, both of which carry only the men's collection targeting at the male customer traffic on the basement level of Landmark. In China, as part of the Group's strategic expansion plan for both JOYCE multi-label and key mono-brand business models, the Group opened three shops in Beijing during the period, comprising a 3,300 square-foot JOYCE Warehouse Outlet, a 4,100 square-foot duplex Dsquared<sup>2</sup> shop in Sanlitun and a 20,000 square-foot duplex flagship JOYCE multi-label store at China World Mall. The JOYCE flagship store has inherited the business model of the Hong Kong JOYCE flagship store at New World Tower, featuring both a JOYCE Beauty corner and an On Pedder footwear and accessories concession corner. In August, the Group also opened a support office in Beijing to cope with the rapid business expansion in Beijing. The office provides staff training and logistics support to the local operations.

As for the Marni joint venture business, a specially-edited Marni pop-up shop was opened in Harbour City in April 2011.

## Business Development

In October, the Group opened a 3,800 square-foot JOYCE multi-label store in The Lee Gardens in Causeway Bay. The contemporary shop design together with a high proportion of edgy merchandise and brand mix is strategically positioned for fashion forward customers. The shop basically follows the same concept of the JOYCE store at Pacific Place in terms of brand selection and visual merchandising. Riding on the attractive growth momentum of the JOYCE Beauty business, the Group also opened two additional point-of-sales in Hong Kong in November, one of which is a 1,200 square-foot men's grooming concept shop in Landmark, and the other is a 1,200 square-foot beauty concession corner in Lane Crawford Canton Road.

In China, the Group has rolled out one of its key brands, Alexander McQueen, by opening a duplex Alexander McQueen shop in Beijing's Sanlitun district in October. Besides, a 3,800 square-foot duplex Etro flagship store was also opened in Beijing's China World Mall next to the JOYCE flagship store in the same month.

## Outlook

Looking forward, the sovereign debt crises in Europe and the stagnant US economy will continue to cast uncertainties to the reviving economy, while high cost inflation in Hong Kong and China, in particular the rising staff costs, the escalating rental upon lease renewal and the risk of non-renewal of retail leases, will continue to exert pressure on the profitability of the Group's operations. Nevertheless, the Group will continue to build on its effective internal measures to improve productivity and tighten cost control, and to take a cautious approach to expanding its retail portfolio in Hong Kong and China.

## FINANCIAL REVIEW

### (I) Results Review

Group profit attributable to Shareholders for the six months ended 30 September 2011 amounted to HK\$72.8 million, compared to a profit of HK\$40.4 million for the same period last year. Earnings per share were 4.5 cents (2010: 2.5 cents).

The Group's turnover for the six months ended 30 September 2011 was HK\$614.5 million, representing an increase of 17.3% over the same period last year. The Hong Kong division remained to be the core business of the Group, accounting for 87.4% (2010: 87.2%) of the Group's turnover. The turnover for the Hong Kong division increased by 17.5% against the same period last year, which was mainly due to the general improvement in the local consumer sentiment and partly due to the contributions from the new shops at Landmark. As for the China division, with the sales contribution from the new shops in Beijing during the period, the Group was able to achieve a turnover growth of 16.1%.

Gross margin improved by 3.8 percentage points as compared to the same period last year as a result of reduced sales discount and higher sell-through for Spring/Summer 2011.

With a satisfactory growth in turnover and an improvement of gross margin, the Hong Kong division recorded an operating profit of HK\$90.4 million, more than doubled the last period of HK\$40.8 million.

During the period, the profit performance of the China division was affected by the pre-opening expenses incurred for the new shops in Beijing, chiefly including HK\$8.6 million rental costs. As a result, the operating profit of the China division decreased significantly to HK\$0.3 million (2010: HK\$9.7 million).

For the period under review, the profit contribution from the Marni joint venture business increased from HK\$2.7 million of last period to HK\$3.7 million due to the improvement in both turnover and gross margin.

## **(II) Liquidity and Financial Resources**

At 30 September 2011, the Group's financial position remained strong with total cash deposits and cash on hand amounted to HK\$452.1 million (31/3/2011: HK\$479.8 million).

At 30 September 2011, the Group had banking facilities in a total amount of HK\$279.8 million (31/3/2011: HK\$279.8 million).

With its strong financial position and available banking facilities, the Group believes that it will have sufficient fund to pursue new potential investment opportunities.

## **(III) Foreign Exchange Risk Management**

Most of the Group's imported purchases are denominated in foreign currencies, primarily being Euro. To minimise exposure on foreign exchange fluctuations, the Group will from time to time review its foreign exchange position and, when it considers appropriate and necessary, will hedge its foreign exchange exposure by way of forward foreign exchange contracts.

## **(IV) Human Resources**

The Group had 572 staff as at 30 September 2011 (31/3/2011: 494). Staff are remunerated according to nature of the job and market trend, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance. The Group provides various job-related training programmes to staff when necessary. Total staff costs for the period ended 30 September 2011 amounted to HK\$75.7 million.

# JOYCE

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT for the six months ended 30 September 2011

|   | Note | Unaudited<br>30/09/2011<br>HK\$'000 | Unaudited<br>30/09/2010<br>HK\$'000 |
|---|------|-------------------------------------|-------------------------------------|
| Turnover  | 2    | 614,549                             | 523,843                             |
| Other income  |      | <u>7,658</u>                        | <u>6,920</u>                        |
|   |      | 622,207                             | 530,763                             |
| Direct costs and operating expenses                             | 4    | (455,691)                           | (413,132)                           |
| Selling and marketing expenses                                  | 4    | (29,452)                            | (27,128)                            |
| Administrative expenses   | 4    | <u>(47,799)</u>                     | <u>(40,900)</u>                     |
| Operating profit  |      | 89,265                              | 49,603                              |
| Finance costs   | 3    | (27)                                | (12)                                |
| Share of profit of an associate                                 |      | <u>3,716</u>                        | <u>2,665</u>                        |
| Profit before income tax  |      | 92,954                              | 52,256                              |
| Income tax expense  | 5    | <u>(20,127)</u>                     | <u>(11,900)</u>                     |
| <b>Profit attributable to equity holders<br/>of the Company</b> |      | <u><b>72,827</b></u>                | <u><b>40,356</b></u>                |
| <b>Earnings per share</b>                                       | 6    |                                     |                                     |
| — Basic   |      | <u><b>4.5 cents</b></u>             | <u><b>2.5 cents</b></u>             |
| — Diluted   |      | <u><b>N/A</b></u>                   | <u><b>N/A</b></u>                   |
| <b>Dividends</b>  | 7    | <u><b>—</b></u>                     | <u><b>—</b></u>                     |

# JOYCE

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION at 30 September 2011

|  | Note | Unaudited<br>30/09/2011<br>HK\$'000 | Audited<br>31/03/2011<br>HK\$'000 |
|--|------|-------------------------------------|-----------------------------------|
| <b>ASSETS</b>  |      |                                     |                                   |
| <b>Non-Current Assets</b>  |      |                                     |                                   |
| Property, plant and equipment  |      | 51,518                              | 44,469                            |
| Deposits, prepayments and other assets                                   |      | 43,975                              | 39,654                            |
| Interest in an associate   |      | 15,976                              | 17,369                            |
| Deferred income tax assets   |      | 4,865                               | 4,281                             |
|  |      | <u>116,334</u>                      | <u>105,773</u>                    |
| <b>Current Assets</b>  |      |                                     |                                   |
| Inventories  |      | 242,105                             | 194,104                           |
| Trade and other receivables  | 8    | 47,276                              | 39,754                            |
| Deposits, prepayments and other assets                                   |      | 42,655                              | 19,843                            |
| Financial derivative assets  |      | —                                   | 892                               |
| Cash and cash equivalents  |      | 452,083                             | 479,753                           |
|  |      | <u>784,119</u>                      | <u>734,346</u>                    |
| <b>Total Assets</b>  |      | <u><b>900,453</b></u>               | <u><b>840,119</b></u>             |
| <b>EQUITY</b>  |      |                                     |                                   |
| <b>Capital and reserves attributable to the Company's equity holders</b> |      |                                     |                                   |
| Share capital  | 10   | 162,400                             | 162,400                           |
| Reserves   |      | 471,309                             | 464,855                           |
| <b>Total Equity</b>  |      | <u><b>633,709</b></u>               | <u><b>627,255</b></u>             |
| <b>LIABILITIES</b>   |      |                                     |                                   |
| <b>Non-Current Liability</b>   |      |                                     |                                   |
| Financial liability at fair value through profit or loss                 |      | 8,160                               | 8,160                             |
| <b>Current Liabilities</b>   |      |                                     |                                   |
| Trade and bills payables   | 9    | 55,100                              | 52,363                            |
| Other payables and accruals  |      | 151,687                             | 122,406                           |
| Amount due to an associate   |      | 4,130                               | 3,113                             |
| Current income tax liabilities   |      | 45,021                              | 26,822                            |
| Financial derivative liabilities   |      | 2,646                               | —                                 |
|  |      | <u>258,584</u>                      | <u>204,704</u>                    |
| <b>Total Liabilities</b>   |      | <u><b>266,744</b></u>               | <u><b>212,864</b></u>             |
| <b>Total Equity And Liabilities</b>                                      |      | <u><b>900,453</b></u>               | <u><b>840,119</b></u>             |
| <b>Net Current Assets</b>  |      | <u><b>525,535</b></u>               | <u><b>529,642</b></u>             |
| <b>Total Assets Less Current Liabilities</b>                             |      | <u><b>641,869</b></u>               | <u><b>635,415</b></u>             |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY for the six months ended 30 September 2011

|  | Attributable to equity holders of the Company |                              |                                |                                    |  |                                |                                 |                   |
|--|---|------------------------------|--------------------------------|------------------------------------|--|--------------------------------|---------------------------------|-------------------|
|  | Share<br>capital<br>HK\$'000                  | Share<br>premium<br>HK\$'000 | Capital<br>surplus<br>HK\$'000 | Contributed<br>surplus<br>HK\$'000 | Exchange<br>fluctuation<br>reserve<br>HK\$'000 | Hedging<br>reserve<br>HK\$'000 | Retained<br>profits<br>HK\$'000 | Total<br>HK\$'000 |
| Balance at 1 April 2011                                | 162,400                                       | 3,728                        | 76                             | 139,196                            | 1,523  | (147)                          | 320,479                         | 627,255           |
| Comprehensive income                                   |   |                              |                                |                                    |  |                                |                                 |                   |
| Profit attributable to equity holders                  | —   | —                            | —                              | —                                  | —  | —                              | 72,827                          | 72,827            |
| Other comprehensive income/(expense)                   |   |                              |                                |                                    |  |                                |                                 |                   |
| Net translation differences                            |   |                              |                                |                                    |  |                                |                                 |                   |
| on foreign operations:                                 |   |                              |                                |                                    |  |                                |                                 |                   |
| - Subsidiaries   | —   | —                            | —                              | —                                  | 32   | —                              | —                               | 32                |
| - Associate  | —   | —                            | —                              | —                                  | (13)   | —                              | —                               | (13)              |
| Cash flow hedges:                                      |   |                              |                                |                                    |  |                                |                                 |                   |
| - Fair value losses for the period                     | —   | —                            | —                              | —                                  | —  | (2,016)                        | —                               | (2,016)           |
| - Deferred income tax recognised                       | —   | —                            | —                              | —                                  | —  | 584                            | —                               | 584               |
| Total other comprehensive income/(expense)             | —   | —                            | —                              | —                                  | 19   | (1,432)                        | —                               | (1,413)           |
| Total comprehensive income/(expense)                   | —   | —                            | —                              | —                                  | 19   | (1,432)                        | 72,827                          | 71,414            |
| Transactions with owners                               |   |                              |                                |                                    |  |                                |                                 |                   |
| Interim dividend paid for the year ended 31 March 2011 | —   | —                            | —                              | —                                  | —  | —                              | (64,960)                        | (64,960)          |
| Balance at 30 September 2011                           | <u>162,400</u>                                | <u>3,728</u>                 | <u>76</u>                      | <u>139,196</u>                     | <u>1,542</u>                                   | <u>(1,579)</u>                 | <u>328,346</u>                  | <u>633,709</u>    |

The comparative figures for the six months ended 30 September 2010 are set out as follows:

|  | Attributable to equity holders of the Company |                              |                                |                                    |  |                                |                                 |                   |
|--|---|------------------------------|--------------------------------|------------------------------------|--|--------------------------------|---------------------------------|-------------------|
|  | Share<br>capital<br>HK\$'000                  | Share<br>premium<br>HK\$'000 | Capital<br>surplus<br>HK\$'000 | Contributed<br>surplus<br>HK\$'000 | Exchange<br>fluctuation<br>reserve<br>HK\$'000 | Hedging<br>reserve<br>HK\$'000 | Retained<br>profits<br>HK\$'000 | Total<br>HK\$'000 |
| Balance at 1 April 2010                              | 162,400                                       | 3,728                        | 76                             | 139,196                            | (1,862)  | (2,515)                        | 204,067                         | 505,090           |
| Comprehensive income                                 |   |                              |                                |                                    |  |                                |                                 |                   |
| Profit attributable to equity holders                | —   | —                            | —                              | —                                  | —  | —                              | 40,356                          | 40,356            |
| Other comprehensive income/(expense)                 |   |                              |                                |                                    |  |                                |                                 |                   |
| Net translation differences                          |   |                              |                                |                                    |  |                                |                                 |                   |
| on foreign operations:                               |   |                              |                                |                                    |  |                                |                                 |                   |
| - Subsidiaries                                       | —   | —                            | —                              | —                                  | 12   | —                              | —                               | 12                |
| - Associate  | —   | —                            | —                              | —                                  | (2)  | —                              | —                               | (2)               |
| Cash flow hedges:                                    |   |                              |                                |                                    |  |                                |                                 |                   |
| - Fair value gains for the period                    | —   | —                            | —                              | —                                  | —  | 2,914                          | —                               | 2,914             |
| - Deferred income tax recognised                     | —   | —                            | —                              | —                                  | —  | (751)                          | —                               | (751)             |
| Total other comprehensive income                     | —   | —                            | —                              | —                                  | 10   | 2,163                          | —                               | 2,173             |
| Total comprehensive income                           | —   | —                            | —                              | —                                  | 10   | 2,163                          | 40,356                          | 42,529            |
| Translations with owners                             |   |                              |                                |                                    |  |                                |                                 |                   |
| Final dividend paid for the year ended 31 March 2010 | —   | —                            | —                              | —                                  | —  | —                              | (16,240)                        | (16,240)          |
| Balance at 30 September 2010                         | <u>162,400</u>                                | <u>3,728</u>                 | <u>76</u>                      | <u>139,196</u>                     | <u>(1,852)</u>                                 | <u>(352)</u>                   | <u>228,183</u>                  | <u>531,379</u>    |

# JOYCE

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME for the six months ended 30 September 2011

|  | Unaudited<br>30/09/2011<br>HK\$'000 | Unaudited<br>30/09/2010<br>HK\$'000 |
|--|-------------------------------------|-------------------------------------|
| <b>Profit for the period</b>                             | 72,827                              | 40,356                              |
| <b>Other comprehensive income/(expense)</b>              |                                     |                                     |
| Net translation differences on foreign operations        | 19                                  | 10                                  |
| Fair value (losses)/gains on cash flow hedge, net of tax | <u>(1,432)</u>                      | <u>2,163</u>                        |
| <b>Total other comprehensive (expense)/income</b>        | <u>(1,413)</u>                      | <u>2,173</u>                        |
| <b>Total comprehensive income for the period</b>         | <u><b>71,414</b></u>                | <u><b>42,529</b></u>                |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS for the six months ended 30 September 2011

|  | Unaudited<br>30/09/2011<br>HK\$'000 | Unaudited<br>30/09/2010<br>HK\$'000 |
|--|-------------------------------------|-------------------------------------|
| Net cash inflow from operating activities                | 49,865                              | 101,414                             |
| Net cash outflow from investing activities               | (12,605)                            | (23,304)                            |
| Net cash outflow from financing activities               | <u>(64,960)</u>                     | <u>(16,240)</u>                     |
| (Decrease)/increase in cash and cash equivalents         | (27,700)                            | 61,870                              |
| Effect of foreign exchange rate changes, net             | 30                                  | 11                                  |
| <b>Cash and cash equivalents at beginning of period</b>  | <u><b>479,753</b></u>               | <u><b>315,307</b></u>               |
| <b>Cash and cash equivalents at end of period</b>        | <u><b>452,083</b></u>               | <u><b>377,188</b></u>               |
| <b>Analysis of balances of cash and cash equivalents</b> |                                     |                                     |
| Cash at bank and in hand                                 | 142,241                             | 167,848                             |
| Short-term bank deposits                                 | <u>309,842</u>                      | <u>209,340</u>                      |
|  | <u><b>452,083</b></u>               | <u><b>377,188</b></u>               |



## NOTES TO INTERIM FINANCIAL STATEMENTS

### (1) Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These unaudited consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2011, as described in those annual financial statements.

The following amended standard is mandatory for the first time for the financial year beginning on 1 April 2011:

|                     |                             |
|---------------------|-----------------------------|
| HKAS 34 (Amendment) | Interim Financial Reporting |
|---------------------|-----------------------------|

The following revised standards and interpretations are mandatory for the first time for the financial year beginning on 1 April 2011 but are not currently relevant to the Group:

|                             |   |
|-----------------------------|---|
| HKAS 24 (Revised)           | Related Party Disclosures                                   |
| HK(IFRIC) – Int 14          | Prepayments of a Minimum Funding Requirement                |
| HK(IFRIC) – Int 19          | Extinguishing Financial Liabilities with Equity Instruments |
| Annual Improvements Project | Improvements to HKFRSs 2010                                 |

The following new standards and amendments have been issued but are not effective for the financial year beginning on 1 April 2011, and have not been early adopted by the Group:

|                     |  |
|---------------------|--|
| HKAS 1 (Amendment)  | Presentation of Financial Statements         |
| HKAS 12 (Amendment) | Deferred Tax: Recovery of Underlying Assets  |
| HKAS 19 (2011)      | Employee Benefits                            |
| HKAS 27 (2011)      | Separate Financial Statements                |
| HKAS 28 (2011)      | Investments in Associates and Joint Ventures |
| HKFRS 9             | Financial Instruments                        |
| HKFRS 10            | Consolidated Financial Statements            |
| HKFRS 11            | Joint Arrangements                           |
| HKFRS 12            | Disclosure of Interests in Other Entities    |
| HKFRS 13            | Fair Value Measurement                       |

## (2) Segment information

The Group is principally engaged in sales of designer fashion garments, cosmetics and accessories.

The Group determines its operating segments based on the reports reviewed by the management who makes strategic decisions.

The management assesses the business by geographic location. The reportable operating segments identified are Hong Kong, Mainland China and other markets.

Segment profit represents the profit earned by each segment before finance cost, tax and share of profit of an associate. This is the measurement basis reported to the management for the purpose of resource allocation and assessment of segment performance.

An analysis of the Group's reportable segment turnover and operating profit/(loss) by geographical location is as follows:

|                                       | Segment turnover       |                        | Segment results        |                        |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|
|                                       | 30/09/2011<br>HK\$'000 | 30/09/2010<br>HK\$'000 | 30/09/2011<br>HK\$'000 | 30/09/2010<br>HK\$'000 |
| <b>Geographical segments:</b>         |                        |                        |                        |                        |
| Hong Kong                             | 536,878                | 456,922                | 90,391                 | 40,810                 |
| China                                 | 77,485                 | 66,747                 | 255                    | 9,708                  |
| Others                                | <u>186</u>             | <u>174</u>             | <u>(1,381)</u>         | <u>(915)</u>           |
| Total                                 | <u>614,549</u>         | <u>523,843</u>         |                        |                        |
| Operating profit                      |                        |                        | 89,265                 | 49,603                 |
| Finance costs                         |                        |                        | (27)                   | (12)                   |
| Share of profit of an associate       |                        |                        | <u>3,716</u>           | <u>2,665</u>           |
| Profit before income tax              |                        |                        | 92,954                 | 52,256                 |
| Income tax expense                    |                        |                        | <u>(20,127)</u>        | <u>(11,900)</u>        |
| Profit attributable to equity holders |                        |                        | <u>72,827</u>          | <u>40,356</u>          |

## (3) Finance costs

|                                       | 30/09/2011<br>HK\$'000 | 30/09/2010<br>HK\$'000 |
|---------------------------------------|------------------------|------------------------|
| Interest on bank loans and overdrafts | <u>27</u>              | <u>12</u>              |

**(4) Expenses by nature**

|   | 30/09/2011<br>HK\$'000 | 30/09/2010<br>HK\$'000 |
|---|------------------------|------------------------|
| Cost of inventories (including provision for inventories) | 273,846                | 253,591                |
| Depreciation of property, plant and equipment             | 10,714                 | 8,959                  |
| Operating lease rentals in respect of land and buildings  | 115,086                | 98,988                 |
| Staff costs   | 75,679                 | 68,727                 |
| Other expenses  | <u>57,617</u>          | <u>50,895</u>          |
|   | <u>532,942</u>         | <u>481,160</u>         |

**(5) Income tax expense**

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the period ended 30 September 2011.

No provision for overseas profits tax has been made as the Group has unutilised tax losses brought forward to offset its estimated assessable profit (2010: Nil).

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

|                         | 30/09/2011<br>HK\$'000 | 30/09/2010<br>HK\$'000 |
|-------------------------|------------------------|------------------------|
| Current income tax      |                        |                        |
| - Hong Kong profits tax | 20,127                 | 10,749                 |
| Deferred income tax     | <u>—</u>               | <u>1,151</u>           |
|                         | <u>20,127</u>          | <u>11,900</u>          |

**(6) Earnings per share**

The calculation of basic earnings per share is based on the consolidated profit attributable to equity holders for the period of HK\$72,827,000 (2010: HK\$40,356,000) and the weighted average number of ordinary shares of 1,624,000,000 (2010: 1,624,000,000) shares in issue during the period.

Diluted earnings per share was not presented as there was no dilutive potential ordinary share in issue for the period ended 30 September 2011 and 2010.

**(7) Dividends**

**(a) Dividends attributable to the period**

The Board has resolved not to declare any interim dividend for the period ended 30 September 2011 (2010: Nil).

**(b) Dividends attributable to the previous financial year, approved and paid during the period.**

|   | 30/09/2011<br>HK\$'000 | 30/09/2010<br>HK\$'000 |
|---|------------------------|------------------------|
| Interim dividend in respect of the previous financial year, approved and paid during the period, of 4.0 cents (2010: Nil) per share | 64,960                 | —                      |
| No final dividend in respect of the previous financial year was approved and paid during the period (2010: 1.0 cent per share)      | —                      | 16,240                 |
|   | 64,960                 | 16,240                 |

**(8) Trade and other receivables**

Included in trade and other receivables are trade receivables with an ageing analysis at 30 September 2011 as follows:

|                       | 30/09/2011<br>HK\$'000 | 31/03/2011<br>HK\$'000 |
|-----------------------|------------------------|------------------------|
| Within 30 days        | 24,789                 | 27,313                 |
| Between 31 to 60 days | 4,659                  | 4,478                  |
| Between 61 to 90 days | 2,282                  | 3,087                  |
| Over 90 days          | 29                     | —                      |
|                       | 31,759                 | 34,878                 |

The Group has established credit policies for each of its core businesses. The general credit terms allowed range from 0 to 60 days.

**(9) Trade and bills payables**

The ageing analysis of trade and bills payables at 30 September 2011 is as follows:

|                           | 30/09/2011<br>HK\$'000 | 31/03/2011<br>HK\$'000 |
|---------------------------|------------------------|------------------------|
| Due within 30 days        | 49,450                 | 48,820                 |
| Due between 31 to 60 days | 3,720                  | 2,983                  |
| Due between 61 to 90 days | 505                    | 526                    |
| Due after 90 days         | 1,425                  | 34                     |
|                           | 55,100                 | 52,363                 |

# JOYCE

## (10) Share capital

|                                  | 2011                  |                | 2010                  |                |
|----------------------------------|-----------------------|----------------|-----------------------|----------------|
|                                  | Number of shares '000 | HK\$'000       | Number of shares '000 | HK\$'000       |
| <b>Authorised:</b>               |                       |                |                       |                |
| Ordinary shares of HK\$0.10 each |                       |                |                       |                |
| Beginning and end of the period  | <u>3,000,000</u>      | <u>300,000</u> | <u>3,000,000</u>      | <u>300,000</u> |
| <b>Issued and fully paid:</b>    |                       |                |                       |                |
| Ordinary shares of HK\$0.10 each |                       |                |                       |                |
| Beginning and end of the period  | <u>1,624,000</u>      | <u>162,400</u> | <u>1,624,000</u>      | <u>162,400</u> |

## (11) Commitments

### (a) Operating lease commitments – as lessee

At 30 September 2011, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

|   | 30/09/2011<br>HK\$'000 | 31/03/2011<br>HK\$'000 |
|---|------------------------|------------------------|
| Land and buildings:                               |                        |                        |
| Not later than one year                           | 180,550                | 154,538                |
| Later than one year and not later than five years | 396,543                | 247,475                |
| Later than five years                             | —                      | 430                    |
|   | <u>577,093</u>         | <u>402,443</u>         |

Payment obligations in respect of operating leases with rentals varied with gross revenues are not included as future minimum lease payment.

**(b) Operating lease commitments – as lessor**

At 30 September 2011, the Group had future aggregate minimum lease receipts under a non-cancellable operating lease as follows:

|   | 30/09/2011<br>HK\$'000 | 31/03/2011<br>HK\$'000 |
|---|------------------------|------------------------|
| Land and buildings:                               |                        |                        |
| Not later than one year                           | 3,429                  | 6,494                  |
| Later than one year and not later than five years | <u>—</u>               | <u>—</u>               |
|   | <u><b>3,429</b></u>    | <u><b>6,494</b></u>    |

**(c) Capital commitments**

Capital expenditure at the date of statement of financial position but not yet incurred is as follows:

|   | 30/09/2011<br>HK\$'000 | 31/03/2011<br>HK\$'000 |
|---|------------------------|------------------------|
| Property, plant and equipment contracted but not provided for | <u><b>3,988</b></u>    | <u><b>9,055</b></u>    |

**(12) Related party transactions**

Significant related party transactions, which were carried out in the normal course of the Group's business during the period, are as follows:

**(a) Transactions with fellow subsidiaries**

|   | 30/09/2011<br>HK\$'000 | 30/09/2010<br>HK\$'000 |
|---|------------------------|------------------------|
| Rental expenses paid to a fellow subsidiary     | 5,387                  | 4,699                  |
| Rental income received from a fellow subsidiary | <u><b>4,603</b></u>    | <u><b>3,865</b></u>    |

**(b) Transactions with an associate**

|   | <b>30/09/2011</b>   | <b>30/09/2010</b> |
|---|---------------------|-------------------|
|   | <b>HK\$'000</b>     | <b>HK\$'000</b>   |
| Management fee received from an associate | <u><b>1,013</b></u> | <u><b>974</b></u> |

**(13) Review of unaudited interim financial statements**

The unaudited interim financial statements for the six months ended 30 September 2011 have been reviewed with no disagreement by the Audit Committee of the Company.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

During the financial period under review, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

## **MODEL CODE FOR DIRECTORS’ DEALING IN SECURITIES**

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors and all the Directors have complied with the required standard set out in the Model Code and the code of conduct adopted by the Company regarding directors’ securities transactions during the period under review.

## **DIRECTORS’ INTERESTS IN SHARES**

As recorded in the register kept by the Company under section 352 of the Securities and Futures Ordinance (the “SFO”) in respect of information required to be notified to the Company and the Stock Exchange by the Directors and/or Chief Executive of the Company pursuant to the SFO or to the Model Code, there were no interests, both long and short positions, held as at 30 September 2011 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), nor had there been any rights to subscribe for any shares, underlying shares or debentures of the Company held by any of them at any time during the financial period.



## SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties, who/which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company as at 30 September 2011, the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at that date as recorded in the register kept by the Company under section 336 of the SFO (the "Register") and the percentages which the shares represented to the issued share capital of the Company:

| Names                                   | No. of Ordinary Shares<br>(percentage of issued capital) |
|---|--|
| (i) Allied Wisdom International Limited | 1,183,838,723 (72.90%)                                   |
| (ii) Wisdom Gateway Limited             | 1,183,838,723 (72.90%)                                   |
| (iii) HSBC Trustee (Guernsey) Limited   | 1,183,838,723 (72.90%)                                   |
| (iv) Mr. Peter K. C. Woo                | 1,183,838,723 (72.90%)                                   |

*Note: Duplication occurs in respect of all of the shareholdings stated above in that they all represent the same block of shares.*

All the interests stated above represented long positions and as at 30 September 2011, there were no short position interests recorded in the Register.

## PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial period under review.

By Order of the Board  
**Wilson W. S. Chan**  
*Company Secretary*

Hong Kong, 24 November 2011

*As at the date of this interim report, the Board of Directors of the Company comprises Mr. Stephen T. H. Ng, Ms. Doreen Y. F. Lee and Mr. Paul Y. C. Tsui, together with three Independent Non-executive Directors, namely, Mr. Antonio Chan, Mr. Eric F. C. Li and Mr. Eric K. K. Lo.*

