Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Sa Sa International Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the retailing and wholesaling of cosmetic products.

The Company is a limited liability company incorporated in Cayman Islands. The address of its registered office is P.O. Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands.

The Company has its listing on the Stock Exchange.

As at 31 March 2012, 49.51% of the total issued shares of the Company were owned by Sunrise Height Incorporated, a company incorporated in the British Virgin Islands. The directors regard Sunrise Height Incorporated, which was owned 50.0% each by Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor, as being the ultimate holding company of the Company.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 15 June 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of Sa Sa International Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Changes in accounting policy and disclosures

(i) New interpretation adopted by the Group

In the current year, the Group has adopted HK (IFRIC) – Int 13, "Customer Loyalty Programme" as a result of the operation on the new bonus points system. The Group operates the system where certain customers accumulate points for purchases made which entitle them to purchase goods for free or at a discount price. According to HK (IFRIC) – Int 13, the award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale such that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed or expired. The amount of initial revenue recognised is based on the number of points redeemed relative to the total number expected to be redeemed. The maximum life of award points is up to 12 months from date of issue. As most of the award points were expired as at 31 March 2012, there was no material deferred revenue as at 31 March 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) Revised standard and amended interpretation adopted by the Group

The following revised standard is mandatory for the first time for the financial year beginning 1 April 2011.

HKAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after 1 January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:

- The name of the government and the nature of their relationship;
- The nature and amount of any individually significant transactions; and
- The extent of any collectively – significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party.

HK(IFRIC) – Int 13 (Amendment), "Customer Loyalty Programmes" is effective for the annual periods beginning on or after 1 January 2011. The amendment clarifies that when measuring the fair value of an award credit, entities should take into account both the value of the award that would be offered to customers and the proportion of the award credit is not expected to be redeemed by customers.

(iii) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 April 2011 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

HKFRS 1 (Amendment), "Limited Exemption from Comparative HKFRS 7 Disclosures for First-Time Adopters" is effective for annual periods beginning on or after 1 July 2010.

HKFRS 1 (Amendment), "First Time Adoption of Hong Kong Financial Reporting Standards" is effective for annual periods beginning on or after 1 January 2011.

HKFRS 3 (Revised), "Business Combinations" is effective for annual periods beginning on or after 1 January 2011.

HKFRS 7 (Amendment), "Financial Instruments: Disclosures" is effective for annual periods beginning on or after 1 January 2011. The amended standard clarifies seven disclosure requirements for financial instruments, with a particular focus on the qualitative disclosures and credit risk disclosures.

HKAS 1 (Amendment), "Presentation of Financial Statements" is effective for annual periods beginning on or after 1 January 2011. The amended standard clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

HKAS 27 (Amendment), "Consolidated and Separate Financial Statements" is effective for the annual periods beginning on or after 1 January 2011. The amendment clarifies that the consequential amendments from HKAS 27 made to HKAS 21, "The effect of changes in foreign exchange rates", HKAS 28, "Investments in associates" and HKAS 31, "Interests in joint ventures" apply prospectively for annual periods beginning on or after 1 July 2009, or earlier when HKAS 27 is applied earlier.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(iii) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 April 2011 but not currently relevant to the Group (although they may affect the accounting for future transactions and events) (continued)

HKAS 32 (Amendment), "Classification of Rights Issues" is effective for annual periods beginning on or after 1 February 2010. The amendment clarifies that rights issues are now required to be classified as equity if they are issued for a fixed amount of cash regardless of the currency in which the exercise price is denominated, provided they are offered on a pro rata basis to all owners of the same class of non-derivative equity. The Group will no longer classify rights issues, for which non-derivative the exercise price is denominated in a foreign currency, as derivative liabilities with fair value changes being recorded in profit or loss. Rather, the Group will be able to classify these rights in equity with no re-measurement. The scope of the amendment is narrow and does not extend to foreign-currency-denominated convertible bonds. For these instruments, the embedded option to acquire the issuer's equity will continue to be accounted for as a derivative liability with fair value changes recorded in profit or loss.

HKAS 34 (Amendment), "Interim Financial Reporting" is effective for annual periods beginning on or after 1 January 2011.

HK(IFRIC) – Int 14 (Amendment), "HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction" is effective for annual periods beginning on or after 1 January 2011. The amendment clarifies that the recognition of an asset for any surplus arising from the voluntary prepayment of minimum funding contributions in respect of future service.

HK(IFRIC) – Int 19, "Extinguishing Financial Liabilities with Equity Instruments" is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies the accounting by the debtor when the debtor renegotiates the terms of its debt with the result that the liability is extinguished through issuing its own equity instruments to the creditor i.e. (a "debt for equity swap"). A gain or loss recognised in profit or loss is the difference between the fair value of the equity instruments issued and the carrying amount of the financial liability.

(iv) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 April 2011 and have not been early adopted

HKFRS 1 (Amendment), "Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters" (effective for periods beginning on or after 1 July 2011)

HKFRS 7 (Amendment), "Disclosures – Transfers of Financial Assets" (effective for annual periods beginning on or after 1 July 2011)

HKFRS 7 (Amendment), "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2013)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(iv) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 April 2011 and have not been early adopted (continued)

HKFRS 9, "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015)

HKFRS 7 and HKFRS 9 (Amendments), "Mandatory Effective Date and Transition Disclosures" (effective for annual periods beginning on or after 1 January 2015)

HKFRS 10, "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2013)

HKFRS 11, "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2013)

HKFRS 12, "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2013)

HKFRS 13, "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013)

HKAS 1 (Revised), "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 July 2012)

HKAS 12 (Amendment), "Deferred Tax: Recovery of Underlying Assets" (effective for annual periods beginning on or after 1 January 2012)

HKAS 19 (Amendment), "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013)

HKAS 27 (Revised 2011), "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013)

HKAS 28 (Revised 2011), "Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2013)

HKAS 32 (Amendment), "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2014)

HK(IFRIC) – Int 20, "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after 1 January 2013)

The Group has already commenced an assessment of the related impact of adopting of the above new standards, amendments and interpretations to existing standards and interpretations applicable to the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise from circumstances such as enhanced minority rights or contractual terms between shareholders, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time of the payment in cash or by credit cards for retail sale or the time of delivery for wholesale sale. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Interest income is recognised on a time-proportion basis using the effective interest method.

Rental income and slide display rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment

Land and buildings comprise mainly offices. Leasehold land classified as finance lease and all other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Leasehold land classified as finance lease commences depreciation from the time when the land interest becomes available for its intended use. Depreciation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Over remaining lease term
Buildings	20-36 years
Leasehold improvements	1-6 years
Equipment, furniture and fixtures	3-5 years
Motor vehicles and vessel	4-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2 (f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised in the income statement.

(e) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Receipts or payments made under operating leases (net of any incentives paid to lessees or received from the lessors) are recognised as income or expenses in the income statement on a straight-line basis over the periods of the lease.

(f) Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial assets

(i) Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' (Note 19), 'time deposits' (Note 20) and 'cash and cash equivalents' (Note 20) in the statement of financial position.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date- the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 2 (i).

(h) Inventories

Inventories comprise merchandise and are stated at the lower of cost and net realisable value.

Cost represents the invoiced cost of inventories. Costs are assigned to individual items on the weighted-average basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(i) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(j) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(m) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the income statement within "other gains/(losses) – net".

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

– income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

– all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

(o) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee benefits (continued)

(ii) Retirement benefit obligations

The Group operates a number of defined contribution and defined benefit retirement plans, the assets of which are generally held in separate trustee-administered funds. The retirement plans are generally funded by payments from employees and by the relevant group companies.

The Group contributes to defined contribution retirement plans which are available to all qualified employees in the Group, except for those participated in defined benefit retirement plan in Taiwan. Contributions to the schemes by the Group and employees are calculated at a percentage of employees' salaries or a fixed sum for each employee where appropriate.

The Group's contributions to the defined contribution retirement plans are expensed as incurred and are reduced by contributions forfeited to those employees who leave the scheme prior to vesting fully in the contributions, where appropriate.

For defined benefit retirement plan, retirement costs are assessed using the projected unit credit method: the costs are charged to the income statement so as to spread the regular costs over the service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plan each year. The retirement obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses are recognised over the average remaining service lives of employees. Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested.

The Group's contributions to defined benefit retirement plan are charged to the income statement in the period to which the contributions relate.

(iii) Long service payments

The Group's net obligation in respect of amounts payable on cessation of employment in certain circumstances under the employment law of the respective countries in which the Group operates is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Long service payments are assessed using the projected unit credit method. The cost of providing the long service payment liabilities is charged to the income statement so as to spread the cost over the service lives of employees in accordance with the advice of the actuaries.

Long service payments are discounted to determine the present value of obligation and reduced by entitlement accrued under the Group's defined contribution plans that are attributable to contributions made by the Group. Actuarial gains and losses are recognised over the average remaining service lives of employees. Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee benefits (continued)

(iv) Share-based payment

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the income statement with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(v) Bonus plan

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liability for bonus plan is expected to be settled within 12 months and is measured at the amount expected to be paid when it is settled.

(p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Group that makes strategic and operating decisions.

(q) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group and of the Company.

A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset will be recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by management who identifies, evaluates and mitigate financial risks in close co-operation with the Group's operating units. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Foreign exchange risk

The Group operates in various countries and is exposed to foreign exchange risk against Hong Kong dollars arising from foreign exchange exposure. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operation. The Group has not entered into any derivative instruments to hedge the foreign exchange exposures.

Most of the assets, receipts and payments of the Group are either in Hong Kong dollars, Euro or Renminbi. The Group minimises its foreign exchange exposure by way of buying against order at spot and maintain no long position. The hedging policies are reviewed by the Group regularly.

As at 31 March 2012, if Hong Kong dollar had weakened/strengthened by 1% against Euro with all other variables held constant, profit for the year would have been higher/lower by HK$272,000 (2011: HK$800,000), mainly as a result of foreign exchange gains/losses on translation of Euro-denominated cash and bank balances and financial liabilities.

As at 31 March 2012, if Hong Kong dollars had weakened/strengthened by 1% against Renminbi with all other variables held constant, profit for the year would have been higher/lower by HK$397,000 (2011: HK$650,000), mainly as a result of foreign exchange gains/losses on translation of Renminbi denominated cash and bank balances and financial liabilities.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, other receivables, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. As at 31 March 2012, all bank balances and bank deposits are held at reputable financial institutions. In respect of wholesale customers, individual risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. No material credit limits were exceeded during the reporting period, and management does not expect any material losses from non-performance by these counterparties.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Trade receivables are due within 90 days from the date of billings. As at 31 March 2012, 99.1% of the total trade receivables were due within 90 days (2011: 99.9%). The maximum exposure to credit risk is represented by the carrying amount of trade receivables in the consolidated statement of financial position. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 19.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and making available an adequate amount of committed credit facilities with staggered maturities to reduce refinancing risk in any year and to fund working capital, dividend payments, new investments and close out market positions if required. The Group has steady cash inflow from operations and has adequate financial resources to fund its operations and future expansion. As at 31 March 2012, the Group's financial liabilities were mainly trade and bills payables and other payables amounting to HK$593,465,000 (2011: HK$331,407,000), which were due within 12 months.

(d) Interest rate risk

The Group's interest rate risk resulted from timing differences in the repricing of interest bearing assets. Major interest bearing assets of the Group are short-term bank deposits.

The Group monitors its interest rate risk through management of maturity profile and choice of fixed or floating interest rates.

Besides, the Group has no significant borrowings during the year.

3.2 Capital risk management

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Group defines the capital of the Group as the total shareholders' equity.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirement.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) Income taxes (continued)

At 31 March 2012, the Group did not recognise deferred income tax assets of HK$35,925,000 in respect of losses amounting to HK$158,598,000 that could be carried forward against future taxable income as the realisation of the related tax benefit through future taxable profit is not probable. Estimating the amount of deferred income tax asset arising from tax losses requires a process that involves determining appropriate provisions for income tax expense, forecasting future year's taxable income and assessing our ability to utilise tax benefits through future earnings. In cases where the actual future profits generated are different from original estimates than expected, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such circumstances are changed.

(b) Impairment of investments in subsidiaries and non-financial assets

The Company conducts impairment reviews of investments in subsidiaries and non-financial assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the value in use, which requires the Group to estimate the future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. In 2012, after reviewing the business environment as well as the Group's objectives and past performance of the investments, management has concluded that there was no material impairment loss for the above assets at 31 March 2012.

(c) Write-downs of inventories to net realisable value

The Group writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not realised. The identification of write-downs requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

(d) Fair value estimation of share options

The Group estimates the fair value of share options using a binomial lattice methodology which involves the use of estimates. Details of significant inputs to the valuation model are disclosed in Note 23.

(e) Useful lives, residual values and depreciation of property, plant and equipment

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. In addition, an independent professional valuer's report which has taken into account the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions, was also prepared to facilitate management decision. Management will revise the depreciation charge where useful lives or residual values are materially different from those previously estimated. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expenses in the future periods.

5 REVENUES, TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in the retailing and wholesaling of cosmetic products. Turnover represents the invoiced sales value of goods supplied to customers. An analysis of revenues recognised during the year is as follows:

	Group	
	2012	2011
	HK$'000	HK$'000
Turnover		
Retail and wholesale	**6,405,121**	4,901,364
Other income		
Slide display rental income	**39,684**	30,198
Rental income	**–**	239
	39,684	30,437
	6,444,805	4,931,801

Executive directors of the Group review the internal reporting of the Group in order to assess performance and allocate resources. Executive directors consider the business principally from a geographic perspective and assess the performance of the geographic segments based on a measure of segments results. Business reportable segments identified are Hong Kong & Macau, Mainland China and All other segments. All other segments refer to segment results from markets in Singapore, Malaysia, Taiwan and e-commerce.

Segment assets consist primarily of property, plant and equipment, inventories, receivables and operating cash, and exclude certain corporate assets and tax. Capital expenditure comprises additions to property, plant and equipment.

The entity is mainly domiciled in Hong Kong & Macau. The breakdown of key segment information including total turnover from external customers is disclosed below.

5 REVENUES, TURNOVER AND SEGMENT INFORMATION (continued)

	For the year ended 31 March 2012			
	Hong Kong & Macau HK$'000	Mainland China HK$'000	All other segments HK$'000	Total HK$'000
Turnover	5,092,685	290,708	1,021,728	6,405,121
Results				
Segment results	674,373	(38,168)	53,504	689,709
Other information				
Capital expenditure	124,800	71,218	51,164	247,182
Finance income	3,832	97	2,490	6,419
Income tax expenses	132,994	–	12,090	145,084
Depreciation	67,223	25,949	23,921	117,093

	For the year ended 31 March 2011			
	Hong Kong & Macau HK$'000	Mainland China HK$'000	All other segments HK$'000	Total HK$'000
Turnover	3,922,596	145,472	833,296	4,901,364
Results				
Segment results	475,356	(22,479)	56,393	509,270
Other information				
Capital expenditure	80,413	24,243	32,055	136,711
Finance income	3,109	115	2,035	5,259
Income tax expenses	94,827	–	9,429	104,256
Depreciation	50,652	10,992	17,533	79,177

5 REVENUES, TURNOVER AND SEGMENT INFORMATION (continued)

	Hong Kong & Macau HK$'000	Mainland China HK$'000	All other segments HK$'000	Total HK$'000
At 31 March 2012				
Non-current assets	**288,017**	**82,736**	**89,788**	**460,541**
Current assets	**1,396,569**	**224,844**	**374,354**	**1,995,767**
Deferred income tax assets				**4,640**
Unallocated corporate assets				**5,552**
				2,466,500
At 31 March 2011				
Non-current assets	213,549	31,332	60,923	305,804
Current assets	1,144,368	103,095	312,731	1,560,194
Deferred income tax assets				4,961
Unallocated corporate assets				5,552
				1,876,511

6 OTHER GAINS – NET – GROUP

	2012 HK$'000	2011 HK$'000
Gain on disposal of investment property	–	600
Net exchange gains	**171**	10,522
	171	11,122

7 EXPENSES BY NATURE – GROUP

	2012 HK$'000	2011 HK$'000
Cost of inventories sold	**3,478,854**	2,678,787
Provision for slow moving inventories and stock shrinkage (Note 18)	**29,586**	10,697
Employee benefit expenses (including director emoluments) (Note 8)	**816,207**	657,200
Depreciation of property, plant and equipment (Note 14)	**117,093**	79,177
Write-off of property, plant and equipment (Note 14)	**1,553**	1,832
Operating lease rentals in respect of land and buildings		
– minimum lease payments	**576,606**	457,794
– contingent rent	**48,876**	26,632
Auditors' remuneration	**3,422**	3,155
Advertising and promotion expenses	**113,789**	92,659
Others	**430,616**	326,723
	5,616,602	4,334,656
Representing:		
Cost of sales	**3,508,440**	2,689,484
Selling and distribution costs	**1,900,688**	1,463,737
Administrative expenses	**207,474**	181,435
	5,616,602	4,334,656

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTOR EMOLUMENTS) – GROUP

	2012 HK$'000	2011 HK$'000
Directors' fees	**1,632**	1,592
Wages, salaries, housing allowances, other allowances and benefits-in-kind	**768,202**	622,909
Provision for unutilised annual leave	**3,496**	3,619
Retirement benefit costs (Note 22(b))	**36,367**	25,897
Share-based payment	**6,510**	3,183
	816,207	657,200

9 DIRECTOR AND SENIOR MANAGEMENT EMOLUMENTS – GROUP

(a) Director emoluments

Director emoluments comprised payments to the Company's directors (including the five highest paid individuals in the Group) in connection with the management of the affairs of the Group. The non-executive directors receive an annual director's fee of HK$257,400 (2011: HK$257,400) each; and for those acting as chairman of Audit Committee, Compensation Committee and Nomination Committee (the "Committees"), an additional fee of HK$8,000 (2011: HK$8,000) is paid for their presiding at each of the Committee meetings.

The remuneration of each director of the Company during the year ended 31 March 2012 is set out below:

	Directors' fees	Basic salaries, consultancy fee, housing allowances, other allowances and benefits-in-kind	Discretionary bonuses	Retirement benefit costs	Share-based payment (i)	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive Directors						
Dr KWOK Siu Ming Simon, *BBS, JP*	–	2,858	238	200	–	3,296
Dr KWOK LAW Kwai Chun Eleanor, *BBS*	–	2,594	216	181	–	2,991
Mr LOOK Guy	–	3,180	795	223	3,092	7,290
Non-executive Directors						
Mrs LEE LOOK Ngan Kwan Christina	257	–	–	–	–	257
Mr TAN Wee Seng	257	–	–	–	–	257
Independent Non-executive Directors						
Professor CHAN Yuk Shee, *PhD, BBS, J.P*	297	–	–	–	–	297
Dr LEUNG Kwok Fai Thomas, *PhD, BBS, J.P*	282	–	–	–	–	282
Ms TAM Wai Chu Maria, *GBS, JP*	282	–	–	–	–	282
Ms KI Man Fung Leonie, *SBS, JP*	257	–	–	–	–	257
	1,632	8,632	1,249	604	3,092	15,209

Mr TAN Wee Seng was re-designated from a Non-executive Director to an Independent Non-executive Director on 26 June 2012. Details are set out in the "Report of the Directors" on pages 128 to 129.

9 DIRECTOR AND SENIOR MANAGEMENT EMOLUMENTS – GROUP (continued)

(a) Director emoluments (continued)

The remuneration of each director of the Company during the year ended 31 March 2011 was set out below:

	Directors' fees HK$'000	Basic salaries, consultancy fee, housing allowances, other allowances and benefits-in-kind HK$'000	Discretionary bonuses HK$'000	Retirement benefit costs HK$'000	Share-based payment (i) HK$'000	Total HK$'000
Executive Directors						
Dr KWOK Siu Ming Simon, *BBS, JP*	–	2,858	238	200	–	3,296
Dr KWOK LAW Kwai Chun Eleanor, *BBS*	–	2,594	216	181	–	2,991
Mr LOOK Guy	–	3,180	530	223	2,516	6,449
Non-executive Directors						
Mrs LEE LOOK Ngan Kwan Christina	257	–	–	–	–	257
Mr TAN Wee Seng	257	901	–	–	–	1,158
Independent Non-executive Directors						
Professor CHAN Yuk Shee, *PhD, BBS, J.P*	281	–	–	–	–	281
Dr LEUNG Kwok Fai Thomas, *PhD, BBS, J.P*	274	–	–	–	–	274
Ms TAM Wai Chu Maria, *GBS, JP*	266	–	–	–	–	266
Ms KI Man Fung Leonie, *SBS, JP*	257	–	–	–	–	257
	1,592	9,533	984	604	2,516	15,229

Notes:

(i) Share-based payment represents amortisation to the income statement of the fair value of share options measured at the respective grant dates, regardless of whether the share options would be exercised or not.

(ii) During the year ended 31 March 2012, 28,145,988 share options were granted to the executive director under the 2002 Share Option Scheme (2011: Nil).

No compensation for loss of office has been paid to the directors for the years ended 31 March 2012 and 2011.

No director of the Company waived any emoluments during the years ended 31 March 2012 and 2011.

Mr TAN Wee Seng was re-designated from a Non-executive Director to an Independent Non-executive Director on 26 June 2012. Details are set out in the "Report of the Directors" on pages 128 to 129.

9 DIRECTOR AND SENIOR MANAGEMENT EMOLUMENTS (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2011: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2011: two) individuals during the year were as follows:

	2012 HK$'000	2011 HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	**3,054**	2,738
Discretionary bonuses	**1,203**	669
Retirement benefit costs	**397**	363
Share-based payment	**274**	37
	4,928	3,807

The emoluments of the individuals fell within the following bands:

Emoluments bands	Number of individuals 2012	2011
HK$1,500,001 – HK$2,000,000	–	1
HK$2,000,001 – HK$2,500,000	**2**	1
	2	2

(c) Senior management emoluments

The details of the senior management emoluments payable during the year were as follows:

	2012 HK$'000	2011 HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	**4,142**	3,938
Discretionary bonuses	**1,510**	869
Retirement benefit costs	**472**	447
Share-based payment	**219**	49
	6,343	5,303

One (2011: two) of the senior management emoluments are included in the analysis presented in Note 9 (b) above.

9 DIRECTOR AND SENIOR MANAGEMENT EMOLUMENTS (continued)

(c) Senior management emoluments (continued)

The emoluments of the individuals fell within the following bands:

Emoluments bands	Number of individuals 2012	2011
HK$1,000,001 – HK$1,500,000	–	1
HK$1,500,001 – HK$2,000,000	**2**	1
HK$2,000,001 – HK$2,500,000	**1**	1
	3	3

10 INCOME TAX EXPENSES – GROUP

Hong Kong profits tax has been provided for at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2012 HK$'000	2011 HK$'000
Hong Kong profits tax		
Current	**122,874**	94,179
Under-provision in previous years	**19**	96
Overseas taxation		
Current	**18,404**	13,192
Over-provision in previous years	**(345)**	(336)
Deferred income tax relating to origination and reversal of temporary differences (Note 17)	**4,132**	(2,875)
	145,084	104,256

10 INCOME TAX EXPENSES – GROUP (continued)

The income tax expenses on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2012 HK$'000	2011 HK$'000
Profit before income tax	**834,793**	613,526
Tax calculated at a taxation rate of 16.5% (2011: 16.5%)	**137,741**	101,232
Effect of different taxation rates in other countries	**(2,241)**	(260)
Income not subject to income tax	**(676)**	(525)
Expenses not deductible for income tax purposes	**2,500**	3,042
Utilisation of previously unrecognised tax losses	**–**	(1,115)
Recognition of previously unrecognised deferred tax assets	**(77)**	(2,420)
Unrecognised tax losses	**8,163**	4,542
Over-provision in previous years	**(326)**	(240)
Income tax expenses	**145,084**	104,256

The weighted average applicable tax rate was 17.4% (2011: 17.0%).

11 PROFIT FOR THE YEAR

Profit for the year is dealt with in the financial statements of the Company to the extent of HK$611,986,000 (2011: HK$416,580,000).

12 EARNINGS PER SHARE

(a) The calculation of basic and diluted earnings per share is based on the Group's profit for the year of HK$689,709,000 (2011: HK$509,270,000).

(b) The calculation of basic earnings per share is based on the weighted average number of 2,808,638,314 (2011: 2,792,062,499) shares in issue during the year.

(c) Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. The calculation of diluted earnings per share is based on the weighted average number of 2,808,638,314 (2011: 2,792,062,499) shares in issue during the year plus the weighted average number of 15,852,873 (2011: 20,799,350) shares deemed to be issued. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

13 DIVIDENDS – COMPANY

	2012 HK$'000	2011 HK$'000
Interim, paid –2.0 HK cents (2011: 1.5 HK cents) per share	**56,292**	41,989
Special, paid – 4.0 HK cents (2011: 3.0 HK cents) per share	**112,584**	83,979
Final, proposed and declared – 3.5 HK cents (2011: 2.5 HK cents) per share	**98,513**	70,113
Special, proposed and declared – 8.0 HK cents (2011: 7.0 HK cents) per share	**225,174**	196,316
	492,563	392,397

At a meeting held on 15 June 2012, the directors proposed and declared a final dividend of 3.5 HK cents and a special dividend of 8.0 HK cents per share. These proposed and declared dividends have not been reflected as dividend payables in these consolidated financial statements, but will be reflected as an appropriation of distributable reserve for the year ending 31 March 2013 if approved by shareholders.

14 PROPERTY, PLANT AND EQUIPMENT – GROUP

	Land and buildings HK$'000	Leasehold improvements HK$'000	Equipment, furniture and fixtures HK$'000	Motor vehicles and vessel HK$'000	Total HK$'000
At 31 March 2010					
Cost	67,789	276,190	120,416	13,688	478,083
Accumulated depreciation	(28,601)	(203,387)	(86,633)	(11,231)	(329,852)
Net book amount	39,188	72,803	33,783	2,457	148,231
Year ended 31 March 2011					
Opening net book amount	39,188	72,803	33,783	2,457	148,231
Exchange differences	–	1,468	720	5	2,193
Additions	18,175	89,376	27,512	1,648	136,711
Disposals	–	(549)	(112)	–	(661)
Write-off	–	(1,175)	(657)	–	(1,832)
Depreciation	(2,485)	(57,513)	(18,002)	(1,177)	(79,177)
Closing net book amount	54,878	104,410	43,244	2,933	205,465
At 31 March 2011					
Cost	85,964	336,591	144,714	15,440	582,709
Accumulated depreciation	(31,086)	(232,181)	(101,470)	(12,507)	(377,244)
Net book amount	54,878	104,410	43,244	2,933	205,465
Year ended 31 March 2012					
Opening net book amount	54,878	104,410	43,244	2,933	205,465
Exchange differences	–	545	(77)	10	478
Additions	–	180,506	57,424	9,252	247,182
Disposals	–	(1,276)	(316)	(134)	(1,726)
Write-off	–	(777)	(776)	–	(1,553)
Depreciation	(1,863)	(86,327)	(25,995)	(2,908)	(117,093)
Closing net book amount	**53,015**	**197,081**	**73,504**	**9,153**	**332,753**
At 31 March 2012					
Cost	**85,964**	**460,115**	**191,287**	**21,596**	**758,962**
Accumulated depreciation	**(32,949)**	**(263,034)**	**(117,783)**	**(12,443)**	**(426,209)**
Net book amount	**53,015**	**197,081**	**73,504**	**9,153**	**332,753**

14 PROPERTY, PLANT AND EQUIPMENT – GROUP (continued)

(a) The land and buildings are situated in Hong Kong and held under medium term leases between 10 to 50 years.

(b) Depreciation expense of HK$101,338,000 (2011: HK$68,372,000) was included selling and distribution costs and HK$15,755,000 (2011: HK$10,805,000) was included administration expenses.

15 INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARIES – COMPANY

	2012	2011
	HK$'000	HK$'000
Unlisted shares, at cost	**3,842**	1
Amounts due from subsidiaries (Note (b))	**1,505,908**	1,362,389
Provision for impairment of amounts due from subsidiaries	**(450,932)**	(450,932)
	1,058,818	911,458

(a) Details of the Company's principal subsidiaries are set out in Note 28 to the consolidated financial statements.

(b) The amounts due from subsidiaries are unsecured, interest-free, and are repayable on demand.

16 RENTAL DEPOSITS AND OTHER ASSETS

	Group		**Company**	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Rental deposits	**127,788**	100,339	**–**	–
Others	**5,552**	5,552	**750**	750
	133,340	105,891	**750**	750

Rental deposits are carried at amortised cost using the effective interest rate of 0.63%-3.80% per annum. At 31 March 2012, the carrying amounts of rental deposits approximate their fair values.

17 DEFERRED INCOME TAX – GROUP

Deferred income tax is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2011: 16.5%).

The movement in the net deferred income tax assets account is as follows:

	2012 HK$'000	2011 HK$'000
At beginning of the year	**4,613**	1,504
Deferred income tax (charged)/credited to the income statement (Note 10)	**(4,132)**	2,875
Exchange differences	**(4)**	234
At end of the year	**477**	4,613

Deferred income tax assets are recognised for tax losses carry forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$35,925,000 (2011: HK$36,644,000) in respect of losses amounting to HK$158,598,000 (2011: HK$161,428,000) that can be carried forward against future taxable income. Losses amounting to HK$135,341,000 (2011: HK$139,185,000) will expire within 5 and 10 years from 31 March 2012. The remaining tax losses have no expiry date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to off set current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	2012 HK$'000	2011 HK$'000
Deferred income tax assets	**4,640**	4,961
Deferred income tax liabilities	**(4,163)**	(348)
	477	4,613

The deferred income tax assets and liabilities are expected to be recovered after more than 12 months.

17 DEFERRED INCOME TAX – GROUP (continued)

The movements in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

Deferred income tax assets	Decelerated tax depreciation		Investment property valuation		Provisions		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At beginning of year	3,337	539	–	226	3,866	3,210	7,203	3,975
Credited/(charged) to the income statement	259	2,794	–	(226)	(167)	462	92	3,030
Exchange differences	(2)	4	–	–	(38)	194	(40)	198
At end of year	3,594	3,337	–	–	3,661	3,866	7,255	7,203

Deferred income tax liabilities	Accelerated tax depreciation	
	2012	2011
	HK$'000	HK$'000
At beginning of year	2,590	2,471
Charged to the income statement	4,224	155
Exchange differences	(36)	(36)
At end of year	6,778	2,590

18 INVENTORIES – GROUP

	2012	2011
	HK$'000	HK$'000
Merchandise stock for resale	1,191,059	802,185

The cost of inventories recognised as expense and included in cost of sales amounted to HK$3,478,854,000 (2011: HK$2,678,787,000).

During the year, the Group has made a provision of HK$29,586,000 for slow moving inventories and stock shrinkage (2011: HK$10,697,000). The amount was included in cost of sales in the consolidated income statement.

19 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS – GROUP

	2012 HK$'000	2011 HK$'000
Trade receivables	**70,779**	48,616
Less: provision for impairment losses on trade receivables	**(302)**	(385)
Trade receivables – net	**70,477**	48,231
Other receivables, deposits and prepayments	**135,612**	91,364

The fair values of trade and other receivables, and deposits approximate their carrying amounts.

The Group's turnover comprises mainly cash sales and credit card sales. Certain wholesale customers are granted credit terms ranging from 7 to 90 days. The aging analysis of trade receivables is as follows:

	2012 HK$'000	2011 HK$'000
Within 1 month	**63,272**	39,670
1 to 3 months	**6,570**	8,522
Over 3 months	**635**	39
	70,477	48,231

As at 31 March 2012, trade receivables of HK$1,572,000 (2011: HK$1,025,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2012 HK$'000	2011 HK$'000
1 to 3 months	**1,178**	844
Over 3 months	**394**	181
	1,572	1,025

19 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS – GROUP (continued)

Trade receivables are denominated in the following currencies:

	2012 HK$'000	2011 HK$'000
Hong Kong dollar	**38,535**	23,552
Renminbi	**15,999**	13,911
Taiwan dollar	**10,136**	5,559
Others	**5,807**	5,209
	70,477	48,231

Movement in the Group's provision for impairment of trade receivables is as follows:

	2012 HK$'000	2011 HK$'000
At 1 April	**385**	380
Receivable written off during the year as uncollectible	**(87)**	–
Exchange differences	**4**	5
At 31 March	**302**	385

The Group does not make any provision for impairment losses on trade receivables for the years ended 31 March 2012 and 2011.

The credit quality of trade receivables that are neither past due nor impaired can be assessed by reference to the historical information about counter party default rates. The existing counter parties do not have significant default in the past. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivables. The Group does not hold any collateral as security.

20 CASH AND BANK BALANCES

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Time deposits	**35,621**	94,134	**–**	25,000
Cash at bank and in hand	**219,502**	241,359	**6,671**	6,846
Short-term bank deposits	**343,496**	282,921	**95,000**	20,000
Cash and cash equivalents	**562,998**	524,280	**101,671**	26,846
Total	**598,619**	618,414	**101,671**	51,846

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**237,163**	227,226	**101,295**	51,470
U.S. dollar	**23,430**	16,730	**376**	376
Euro	**72,659**	109,769	**–**	–
Renminbi	**97,584**	88,351	**–**	–
Singapore dollar	**23,667**	32,257	**–**	–
Malaysian Ringit	**76,325**	81,985	**–**	–
Taiwan dollar	**19,481**	18,570	**–**	–
Others	**48,310**	43,526	**–**	–
	598,619	618,414	**101,671**	51,846

The year-end effective interest rate on time deposits over three months was 3.15% (2011: 1.95%). These deposits have an average maturity of 10 months (2011: 7 months).

The year-end effective interest rate on short-term bank deposits was 1.77% (2011: 1.46%). These deposits have an average maturity of 1 month (2011: 1 month).

As at 31 March 2012, out of the total cash and bank balances denominated in Renminbi and Malaysian Ringit as stated above, approximately HK$54,139,000 (2011: HK$43,065,000) were kept in Mainland China and Malaysia respectively. The remittance of these funds out of Mainland China and Malaysia is subject to applicable foreign exchange restrictions imposed by the respective local governments.

21 TRADE AND BILLS PAYABLES – GROUP

The aging analysis of trade and bills payables is as follows:

	2012 HK$'000	2011 HK$'000
Within 1 month	**256,591**	171,937
1 to 3 months	**172,192**	64,243
Over 3 months	**21,903**	18,236
	450,686	254,416

The fair values of trade and bills payables approximate their carrying amounts.

Trade and bills payables are denominated in the following currencies:

	2012 HK$'000	2011 HK$'000
Hong Kong dollar	**255,349**	128,054
U.S. dollar	**44,519**	20,355
Euro	**44,169**	29,847
Renminbi	**39,671**	32,405
Singapore dollar	**13,081**	9,973
Malaysian Ringit	**12,823**	9,771
Taiwan dollar	**21,675**	15,701
Swiss Franc	**12,369**	5,040
Others	**7,030**	3,270
	450,686	254,416

22 RETIREMENT BENEFIT OBLIGATIONS – GROUP

(a) Retirement benefit obligations

	2012 HK$'000	2011 HK$'000
Retirement benefit obligations on		
– Defined benefit plan (Note 22 (b)(ii))	**(252)**	(115)
– Long service payments (Note 22 (b)(iii))	**3,505**	3,978
	3,253	3,863

(b) Retirement benefit costs

	2012 HK$'000	2011 HK$'000
Retirement benefit costs (Note 8)		
– Defined contribution plans (Note 22 (b) (i))	**36,694**	26,017
– Defined benefit plan (Note 22 (b) (ii))	**(42)**	(26)
	36,652	25,991
– Long service payments (Note 22 (b) (iii))	**(285)**	(94)
	36,367	25,897
Gross employer's contributions	**37,247**	28,980
Less: Forfeited contributions utilised to reduce employer's contributions for the year	**(595)**	(2,989)
Net employer's contributions charged to the consolidated income statement	**36,652**	25,991
Long service payments (Note 22 (b) (iii))	**(285)**	(94)
	36,367	25,897

Notes:

(i) Prior to 1 December 2000, certain subsidiaries of the Group in Hong Kong operated a defined contribution retirement benefit plan (the "Retirement Scheme") for the employees in Hong Kong. On 1 December 2000, the Retirement Scheme was suspended and replaced by the Mandatory Provident Fund Scheme (the "MPF Scheme") mentioned below. No more contribution was made to the Retirement Scheme. The assets of the Retirement Scheme are separately controlled and administered by independent trustees. Employees who contributed to the Retirement Scheme are entitled to the retirement benefits under this Retirement Scheme as well as the MPF Scheme.

22 RETIREMENT BENEFIT OBLIGATIONS – GROUP (continued)

(b) Retirement benefit costs (continued)

Notes: (continued)

(i) (continued)

From 1 December 2000, the subsidiaries of the Group in Hong Kong elected to contribute to the MPF Scheme. The MPF Scheme is a defined contribution retirement benefit plan administered by independent trustees. Under the MPF Scheme, both the employer and employees are required to contribute 5% of the employee's monthly salaries (capped at HK$20,000). Contributions from the employer equivalent to the contribution as specified at the rules of the MPF Scheme are 100% vested as soon as they are paid to the relevant MPF Scheme but all benefits derived from the mandatory contributions must be preserved until the employee reaches the age of 65, subject to a few exceptions. As to the employer's contribution in excess of the portion vested in the MPF Scheme the employees are entitled to 100% of it after 10 years of completed service or at a reduced scale after completion of three to nine years' service. The forfeited contributions are to be used to reduce the employer's contribution.

The defined contribution plans for the employees of the Group in other countries follow the local statutory requirements of the respective countries.

(ii) A branch of a wholly-owned subsidiary of the Group in Taiwan participates in a central defined benefit retirement plan (the "Old Retirement Plan") providing benefits to all employees in accordance with the Labor Standards Law (as amended) in Taiwan. The Group has an obligation to ensure that there are sufficient funds in the Old Retirement Plan to pay the benefits earned. The branch currently contributes at 2% of the total salaries as determined and approved by the relevant government authorities. The assets of the Old Retirement Plan are invested by the Central Trust of China and the assets are held separately from those of the Group in independent administered funds.

The latest actuarial valuation was prepared as at 31 March 2012 by HSBC Life (International) Limited, a qualified actuary, using the projected unit credit method.

Effective from 1 July 2005, a new retirement plan (the "New Retirement Plan") was launched in Taiwan, which is a defined contribution retirement benefit plan administered by the local government and followed the local statutory requirements. Employee can choose to stay in the Old Retirement Plan or participate in the New Retirement Plan.

The amounts recognised in the consolidated statement of financial position are determined as follows:

	2012 **HK$'000**	2011 HK$'000
Present value of funded obligations	**2,782**	3,144
Fair value of plan assets	**(3,024)**	(2,913)
	(242)	231
Unrecognised actuarial gains	**(10)**	(346)
Net asset in the statement of financial position (Note 22 (a))	**(252)**	(115)

The amounts recognised in the consolidated income statement are as follows:

	2012 **HK$'000**	2011 HK$'000
Current service cost	**18**	23
Interest cost	**37**	35
Expected return on plan assets	**(101)**	(84)
Net actuarial losses recognised in the year	**4**	–
Total included in employee benefit expenses	**(42)**	(26)

22 RETIREMENT BENEFIT OBLIGATIONS – GROUP (continued)

(b) Retirement benefit costs (continued)

Notes: (continued)

(ii) (continued)

Movements in the defined benefit retirement plan (assets)/obligations recognised in the consolidated statement of financial position are as follows:

	2012 HK$'000	2011 HK$'000
At beginning of year	**(115)**	29
Total income	**(42)**	(26)
Employer contributions	**(96)**	(119)
Exchange differences	**1**	1
At end of year	**(252)**	(115)

The principal actuarial assumptions used are as follows:

	2012 %	2011 %
Discount rate	**1.10**	1.20
Expected rate of return on plan assets	**2.50**	3.50
Expected rate of future salary increases	**3.00**	3.00

(iii) The Group's provision for long service payments are determined based on the actuarial valuation as at 31 March 2012 prepared by HSBC Life (International) Limited, a qualified actuary, using the projected unit credit method.

The amounts recognised in the consolidated statement of financial position are determined as follows:

	2012 HK$'000	2011 HK$'000
Present value of unfunded obligations	**5,707**	929
Unrecognised actuarial (losses)/gains	**(2,202)**	3,049
Long service payment liability in statement of financial position (Note 22 (a))	**3,505**	3,978

The amounts recognised in the consolidated income statement are as follows:

	2012 HK$'000	2011 HK$'000
Current service cost	**117**	164
Interest cost	**20**	40
Net actuarial gains recognised in the year	**(422)**	(298)
Total included in employee benefit expenses	**(285)**	(94)

22 RETIREMENT BENEFIT OBLIGATIONS – GROUP (continued)

(b) Retirement benefit costs (continued)

Notes: (continued)

(iii) (continued)

Movement in the provision for long service payments obligations recognised in the consolidated statement of financial position is as follows:

	2012 HK$'000	2011 HK$'000
At beginning of year	**3,978**	4,082
Total income	**(285)**	(94)
Contributions paid	**(188)**	(10)
At end of year	**3,505**	3,978

The principal actuarial assumptions used are as follows:

	2012 %	2011 %
Discount rate	**0.80**	2.40
Expected rate of future salary increases	**5.00**	3.00-3.50

23 SHARE CAPITAL

Authorised shares of HK$0.1 each	Note	No. of Shares	HK$'000
At 31 March 2011 and 2012		8,000,000,000	800,000
Issued and fully paid shares of HK$0.1 each			
At 1 April 2010		1,391,312,531	139,131
Issue of shares upon exercise of share options	(a)	11,575,324	1,158
Issue of shares upon 1:1 Bonus Issue	(b)	1,399,642,523	139,964
At 31 March 2011		2,802,530,378	280,253
Issue of shares upon exercise of share options	(a)	12,138,352	1,214
At 31 March 2012		**2,814,668,730**	**281,467**

Notes:

(a) **Issue of shares upon exercise of share options granted under the 2002 Share Option Scheme**

During the year, a total of 12,138,352 (2011: 11,575,324) shares were issued to a director and certain employees of the Company pursuant to the exercises of share options under the 2002 Share Option Scheme. The proceeds of the issues totalled HK$14,017,000 (2011: HK$28,100,000) included share premium amounted to HK$12,803,000 (2011: HK$26,942,000).

23 SHARE CAPITAL (continued)

Notes: (continued)

(b) Issue of shares under the 1:1 Bonus Issue

With the approval of the Shareholders at the EGM of the Company held on 20 December 2010, the Company issued 1,399,642,523 bonus shares on the basis of one bonus share for every one then existing Share held on 20 December 2010 pursuant to the 1:1 Bonus Issue. For details of the 1:1 Bonus Issue, please refer to the circular dated 1 December 2010 and the announcements dated 18 November 2010 and 20 December 2010 published by the Company.

(c) Share options

The share options of the Company are granted under the 2002 Share Option Scheme.

Under the 2002 Share Option Scheme and Rule 17.03(13) of the Listing Rules as applied by the Stock Exchange, as a result of the 1:1 Bonus Issue, adjustments have been made to the subscription price per Share and the number of Shares subject to the options granted by the Company pursuant to the 2002 Share Option Scheme which remained outstanding as at the date of completion of the 1:1 Bonus Issue, being 24 December 2010 (the "Outstanding Options").

Movements in the number of share options outstanding are as follows:

	No. of share options year ended 31 March	
	2012	2011
At beginning of the year	**36,329,142** *	25,420,229
Granted	**33,957,988**	3,088,000
Exercised	**(12,138,352)**	(11,575,324)
Lapsed	**(812,000)**	(641,000)
Adjustment pursuant to the 1:1 Bonus Issue	–	20,037,237
At end of the year	**57,336,778**	36,329,142

The expiry dates and subscription prices of the share options outstanding as at 31 March 2012 were set out as follows:

Expiry date	Subscription price per Share (HK$)	No. of share options outstanding as at 31 March	
		2012	2011
2002 Share Option Scheme			
29 October 2013	**0.84** #	**1,626,790**	1,957,454
25 May 2016	**1.4825** #	–	1,977,688
1 March 2019	**1.095** #	**17,000,000**	27,000,000
29 September 2020	**3.16** #	**4,992,000**	5,394,000
16 June 2021	**4.95**	**5,572,000**	–
28 February 2022	**4.77**	**28,145,988**	–
		57,336,778	36,329,142

The weighted average fair value of share options granted during the year was determined using the binomial lattice model, prepared by Towers Watson Hong Kong Limited and HSBC Life (International) Limited, were HK$1.42 – HK$1.57 per option (2011: HK$0.74). The significant inputs into the model were share price of HK$4.89 and HK$4.77 at the grant date, exercise price of HK$4.95 and HK$4.77, volatility of 43.0% and 46.0%, dividend yields of 4.0%, an expected option life of around six years and an annual risk-free interest rate of 1.61% and 0.70%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last six years. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

* *Adjusted for the 1:1 Bonus Issue, please see circular dated 1 December 2010 for details.*

\# *Adjustments to (i) the subscription price per Share and (ii) the number of Outstanding Options were made to reflect the 1:1 Bonus Issue on 24 December 2010.*

24 RESERVES

(a) Group

	Share premium HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Translation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2011	574,666	11,783	12,920	16,150	456,921	1,072,440
Profit for the year	–	–	–	–	689,709	689,709
Currency translation differences	–	–	–	3,583	–	3,583
Total comprehensive income for the year ended 31 March 2012	–	–	–	3,583	689,709	693,292
Employee share option scheme:						
Value of employee services	–	–	6,510	–	–	6,510
Proceeds from shares issued upon exercise of options (Note 23(a))	12,803	–	–	–	–	12,803
Transfer of reserve upon exercise of options	3,787	–	(3,787)	–	–	–
2010/2011 Final and Special dividends paid	–	–	–	–	(266,812)	(266,812)
2011/2012 Interim dividend paid	–	–	–	–	(56,292)	(56,292)
2011/2012 Special dividend paid	–	–	–	–	(112,584)	(112,584)
	16,590	–	2,723	–	(435,688)	(416,375)
At 31 March 2012	**591,256**	**11,783**	**15,643**	**19,733**	**710,942**	**1,349,357**

24 RESERVES (continued)

(a) Group (continued)

	Share premium HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Translation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2010	683,332	11,783	14,093	(2,493)	338,928	1,045,643
Profit for the year	–	–	–	–	509,270	509,270
Currency translation differences	–	–	–	18,643	–	18,643
Total comprehensive income for the year ended 31 March 2011	–	–	–	18,643	509,270	527,913
1:1 Bonus Issue	(139,964)	–	–	–	–	(139,964)
Employee share option scheme:						
Value of employee services	–	–	3,183	–	–	3,183
Proceeds from shares issued upon exercise of options (Note 23(a))	26,942	–	–	–	–	26,942
Transfer of reserve upon exercise of options	4,356	–	(4,356)	–	–	–
2009/2010 Final and Special dividends paid	–	–	–	–	(265,309)	(265,309)
2010/2011 Interim dividend paid	–	–	–	–	(41,989)	(41,989)
2010/2011 Special dividend paid	–	–	–	–	(83,979)	(83,979)
	(108,666)	–	(1,173)	–	(391,277)	(501,116)
At 31 March 2011	574,666	11,783	12,920	16,150	456,921	1,072,440

24 RESERVES (continued)

(b) Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2011	574,666	11,783	12,920	78,534	677,903
Profit for the year	–	–	–	611,986	611,986
Employee share option scheme:					
Value of employee services	–	–	6,510	–	6,510
Proceeds from shares issued upon exercise of options (Note 23 (a))	12,803	–	–	–	12,803
Transfer of reserve upon exercise of options	3,787	–	(3,787)	–	–
2010/2011 Final and Special dividends paid	–	–	–	(266,812)	(266,812)
2011/2012 Interim dividend paid	–	–	–	(56,292)	(56,292)
2011/2012 Special dividend paid	–	–	–	(112,584)	(112,584)
	16,590	–	2,723	(435,688)	(416,375)
At 31 March 2012	**591,256**	**11,783**	**15,643**	**254,832**	**873,514**

24 RESERVES (continued)

(b) Company (continued)

	Share premium HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2010	683,332	11,783	14,093	53,231	762,439
Profit for the year	–	–	–	416,580	416,580
1:1 Bonus Issue	(139,964)	–	–	–	(139,964)
Employee share option scheme:					
Value of employee services	–	–	3,183	–	3,183
Proceeds from shares issued upon exercise of options (Note 23 (a))	26,942	–	–	–	26,942
Transfer of reserve upon exercise of options	4,356	–	(4,356)	–	–
2009/2010 Final and Special dividends paid	–	–	–	(265,309)	(265,309)
2010/2011 Interim dividend paid	–	–	–	(41,989)	(41,989)
2010/2011 Special dividend paid	–	–	–	(83,979)	(83,979)
	(108,666)	–	(1,173)	(391,277)	(501,116)
At 31 March 2011	574,666	11,783	12,920	78,534	677,903

25 CONSOLIDATED STATEMENT OF CASH FLOWS

Cash generated from operations

	2012 HK$'000	2011 HK$'000
Profit for the year	**689,709**	509,270
Adjustments for:		
– Income tax expense	**145,084**	104,256
– Depreciation of property, plant and equipment	**117,093**	79,177
– Gain on disposal of investment property	**–**	(600)
– Loss/(gain) on disposal of property, plant and equipment	**176**	(518)
– Write-off of property, plant and equipment	**1,553**	1,832
– Share-based payment	**6,510**	3,183
– Finance income	**(6,419)**	(5,259)
Changes in working capital	**953,706**	691,341
– Inventories	**(388,874)**	(239,026)
– Trade receivables	**(22,246)**	(9,642)
– Other receivables, deposits and prepayments	**(70,247)**	(32,775)
– Trade and bills payable	**196,270**	78,504
– Other payables and accruals	**95,394**	47,082
– Retirement benefit obligations	**(610)**	(248)
Cash generated from operations	**763,393**	535,236

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2012 HK$'000	2011 HK$'000
Net book amount (Note 14)	**1,726**	661
Loss/(gain) on disposal of property, plant and equipment	**(176)**	518
Proceeds from disposal of property, plant and equipment	**1,550**	1,179

26 COMMITMENTS – GROUP

(a) Capital commitments in respect of acquisition of property, plant and equipment:

	2012 HK$'000	2011 HK$'000
Contracted but not provided for	**9,521**	15,279
Authorised but not contracted	**278,387**	190,629
	287,908	205,908

The amount of capital commitments authorised but not contracted represents the Group's estimated capital expenditure based on the annual budget approved by directors.

(b) Commitments under operating leases

As at 31 March 2012, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2012 HK$'000	2011 HK$'000
Land and buildings		
Within one year	**618,853**	496,355
In the second to fifth year inclusive	**791,259**	554,119
After the fifth year	**16,531**	773
	1,426,643	1,051,247

27 RELATED PARTY TRANSACTIONS

Key management personnel compensation:

	2012 HK$'000	2011 HK$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**35,227**	33,479
Retirement benefit costs	**1,733**	1,620
Share-based payment	**4,156**	2,721
	41,116	37, 820

28 PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries at 31 March 2012:

Name	Place of incorporation	Principal activities and place of operation (if different from place of incorporation)	Particulars of issued share capital/paid up share capital	Indirect interest held
Alibaster Management Limited	British Virgin Islands	Trading and retailing of cosmetic and skin care products in Taiwan	Ordinary US$6,880,000	100%
Base Sun Investment Limited	Hong Kong	Property holding	Ordinary HK$100 Deferred HK$2	100%
Cyber Colors Limited	British Virgin Islands	Holding of intellectual property rights in Hong Kong	Ordinary US$1	100%
Docile Company Limited	British Virgin Islands	Holding of intellectual property rights in Hong Kong	Ordinary US$2	100%
Elegance Trading (Shanghai) Company Limited (Note 1)	PRC	Wholesale of cosmetic and skin care products	HK$10,000,000	100%
Gig Limited	Samoa	Holding of intellectual property rights in Hong Kong	Ordinary US$1	100%
Hong Kong Sa Sa (M) Sdn. Bhd.	Malaysia	Trading and retailing of cosmetic and skin care products	Ordinary RM20,000,000	100%
Hadatuko Limited	British Virgin Islands	Holding of intellectual property rights in Hong Kong	Ordinary US$1	100%
Lea Limited	Samoa	Holding of intellectual property rights in Hong Kong	Ordinary US$1	100%
Matford Trading Limited	Hong Kong	Property holding	Ordinary HK$100 Deferred HK$6	100%
Rosy Sino Limited	British Virgin Islands	Holding of intellectual property rights in Hong Kong	Ordinary US$1	100%

28 PRINCIPAL SUBSIDIARIES (continued)

Particulars of the principal subsidiaries at 31 March 2012: (continued)

Name	Place of incorporation	Principal activities and place of operation (if different from place of incorporation)	Particulars of issued share capital/paid up share capital	Indirect interest held
Sa Sa Cosmetic Company Limited	Hong Kong	Retailing and wholesaling of cosmetic and skin care products	Ordinary HK$100 Deferred HK$2	100%
Sa Sa Cosmetic Co. (S) Pte Limited	Singapore	Trading and retailing of cosmetic and skin care products	Ordinary S$19,500,000	100%
Sa Sa dot Com Limited	Hong Kong	E-commerce	Ordinary HK$1,000,000	100%
Sa Sa Investment (HK) Limited	Hong Kong	Property holding	Ordinary HK$100 Deferred HK$2	100%
Sa Sa Property Limited	Hong Kong	Property holding	Ordinary HK$100	100%
Sa Sa Overseas Limited	British Virgin Islands	Holding of intellectual property rights in Hong Kong	Ordinary US$2	100%
Sa Sa Cosmetic (China) Company Limited (Note 2)	PRC	Trading and retailing of cosmetic and skin care products	HK$195,000,000	100%
SkinPeptoxyl Limited	British Virgin Islands	Holding of intellectual property rights in Hong Kong	Ordinary US$1	100%
Swiss Rituel Limited	British Virgin Islands	Holding of intellectual property rights in Hong Kong	Ordinary US$1	100%
Suisse Programme Limited	Gibraltar	Holding of intellectual property rights in Hong Kong	Ordinary Gibraltar £100	100%

Notes:

1) Elegance Trading (Shanghai) Company Limited is a wholly foreign owned enterprise for an operating period of 30 years up to 4 December 2038. As at 31 March 2012, its paid up capital was HK$10,000,000.

2) Sa Sa Cosmetic (China) Company Limited is a wholly foreign owned enterprise for an operating period of 30 years up to 5 February 2035. As at 31 March 2012, its paid up capital was HK$195,000,000.