DICKSON

ANNUAL REPORT 2012

Stock Code: 0113

DICKSON

DICKSON CONCEPTS (INTERNATIONAL) LIMITED
迪生創建(國際)有限公司
(incorporated in Bermuda with limited liability)

ANNUAL REPORT 2012

Stock Code: 0113

CONTENTS

Board of Directors :

Group Executive Chairman :
Dickson Poon

Executive Directors :
Raymond Lee (**Deputy Chairman and Chief Executive Officer**)
Chan Tsang Wing, Nelson (**Chief Operating Officer**)
Chan Hon Chung, Johnny Pollux (Appointed on 1st September, 2011)
Lau Yu Hee, Gary
Ng Chan Lam

Independent Non-Executive Directors :
Bhanusak Asvaintra
Nicholas Peter Etches
Christopher Patrick Langley, OBE

Company Secretary :

Or Suk Ying, Stella

Audit Committee :

Nicholas Peter Etches (**Chairman**)
Bhanusak Asvaintra
Christopher Patrick Langley, OBE

Nomination Committee :

Dickson Poon (**Chairman**)
Bhanusak Asvaintra
Nicholas Peter Etches

Remuneration Committee :

Bhanusak Asvaintra (**Chairman**)
Nicholas Peter Etches
Raymond Lee

Independent Auditor :

KPMG
Certified Public Accountants,
Hong Kong.

Head Office and Principal Place of Business :

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

Registered Office :

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

Principal Bankers :

BNP Paribas
Crédit Agricole Corporate and Investment Bank
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

Share Registrar in Hong Kong :

Tricor Tengis Limited
26th Floor,
Tesbury Centre,
28 Queen's Road East,
Wanchai, Hong Kong.

Share Registrar in Bermuda :

Codan Services Limited
Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda.

Place of Share Listing :

The Stock Exchange of Hong Kong Limited

Stock Code :

The Stock Exchange of Hong Kong Limited : 0113

Website :

http://www.dickson.com.hk

The Group's profits for the twelve months ended 31st March, 2012 were HK$188.9 million, compared with HK$346.9 million last year. Excluding the HK$163.6 million the Group received from Tommy Hilfiger for the sale of its licensed business in China last year, the Group's recurrent profits of HK$188.9 million was steady against HK$183.3 million last year, and consistent with the trends in the first half of the financial year. This performance was achieved despite of the absence of the Tommy Hilfiger China earnings contribution for eight months of the financial year and clearly highlights the quality and strong earnings growth generated by the Group's core businesses. The solid performance achieved by the Group's operations and our continued strong net cash position is a clear testimony to the successful implementation of its business strategies.

The global economy is facing considerable uncertainties, with the Eurozone financial crisis, the sluggish economic recovery in the United States and a moderation of the China economy. The Group anticipates uncertain trading conditions in the current financial year and therefore continues to adopt a prudent approach to all aspects of its business activities.

Financial Results and Final Dividend

Turnover for the year ended 31st March, 2012 was HK$3,985.3 million, an increase of 17.1 per cent. compared with last year. Turnover on a like-for-like basis increased by 16.2 per cent. for the full year.

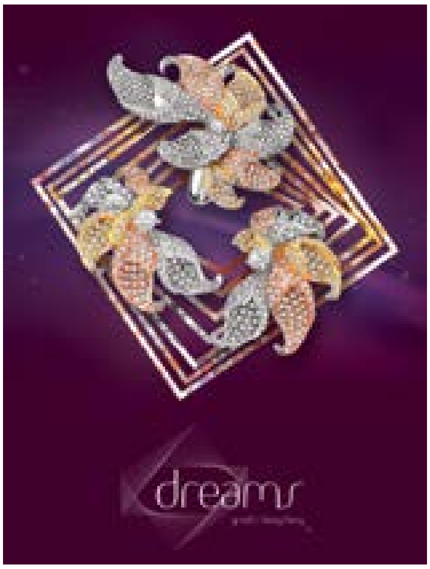
Profit attributable to equity shareholders was HK$186.7 million, compared with HK$346.8 million in the previous year which included HK$163.6 million one-off income from the sale of the Tommy Hilfiger China licensed business upon the expiration of the license.

In view of these results, the Board is recommending the payment of a final dividend of 20.0 cents per ordinary share. The final dividend together with the interim dividend of 13.0 cents per ordinary share amount to a total dividend of 33.0 cents per ordinary share, the same as last year.

S.T. Dupont Audrey Hepburn™ and Humphrey Bogart™ Summer Collection.
「都彭」的「柯德莉夏萍™」及「堪富利保加™」夏日限量版系列。

Fashionwear by Tommy Hilfiger.
「Tommy Hilfiger」時裝。

Fashionwear by Brooks Brothers.
「Brooks Brothers」時裝。



Dreams fashion jewellery.
「Dreams」時尚飾物。

Review of Operations

The Group continued to demonstrate its commitment and confidence on its markets with the opening of 80 new shops in the year. Its retail network as at 31st March, 2012 totalled 320 shops. This comprises of 49 shops in Hong Kong, 156 in China, 4 in Macau, 85 in Taiwan and 26 in Singapore and Malaysia.

Geographically, 54 per cent. of sales was generated in Hong Kong, 18 per cent. in China, 17 per cent. in Taiwan and 11 per cent. in the rest of South East Asia.

In Hong Kong, 12 new shops have been opened this year, increasing the retail network to 49 shops. A major development during the year was the opening of our new 83,000 sq. ft. Harvey Nichols Asian flagship store at Pacific Place in Hong Kong on 18th October, 2011. The new store brought the best of this perennially successful international luxury franchise to Hong Kong, and has set exciting new standards for the Asian market. The store was extremely well received by our customers and the media alike, with sales performance exceeding our expectations. Together with the Harvey Nichols store at The Landmark, these two stores will reinforce Harvey Nichols' leadership in the luxury retailing market in the region and lay the foundation for a major growth engine for the Group in the years ahead.

The Group also continued the expansion of the store network of its major brands such as Brooks Brothers, Tommy Hilfiger, American Eagle Outfitters, Dickson Watch & Jewellery and S.T. Dupont. It also introduced Dreams, the Group's first fashion jewellery brand catering to sophisticated female consumers.

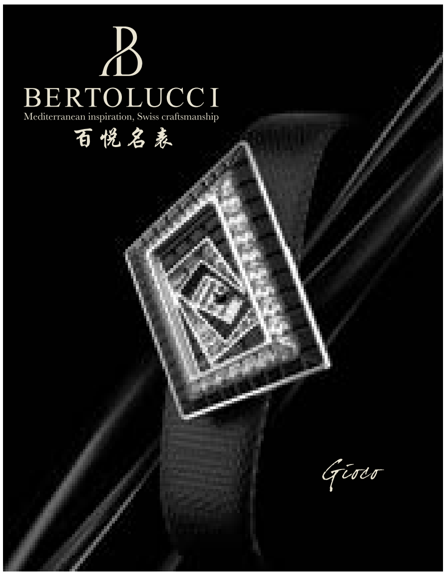
In China, 47 new shops have been opened this year, increasing the retail network to 156 shops. The Group firmly believes in the potential of China and continues to place significant focus on the expansion of its China operations. In Taiwan, the Group opened 18 new shops this year. Our retail network of 85 shops in prime retail locations throughout the island ensures that the Group maintains its premier position and is well placed for future growth.

In Southeast Asia, the Group has 26 shops. Following the opening of flagship stores for Dickson Watch & Jewellery, Brooks Brothers and Tommy Hilfiger in Singapore, which enhanced the positioning of these brands in this regional market, the Group continues to look for opportunities to expand its presence in these territories.

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

Fashionwear by American Eagle Outfitters.
「American Eagle Outfitters」時裝。

Tod's shoes and leathergoods.
「Tod's」皮鞋及皮具。



Bertolucci 'Gioco' watch.
「百悅名表」的「Gioco」腕錶。

Board of Directors and Employees

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

Future Prospects

The Group has opened 18 new shops so far in the new financial year for brands such as Brooks Brothers, Tommy Hilfiger, Dickson Watch & Jewellery, and Rolex, and has plans to open a further 20 shops before the end of the current financial year.

The Group is excited about the strong potential of its new Harvey Nichols Asian flagship store which has set new standards in Asia and outperformed sales expectations. The immediate success of the 18,000 sq. ft. Beauty Bazaar at The ONE has encouraged the Group to embark on the expansion of this retail concept in Greater China. Overall, the Group will continue to invest prudently and expand its retail network in its principal markets and is confident that our new businesses will become important growth engines in the years ahead.

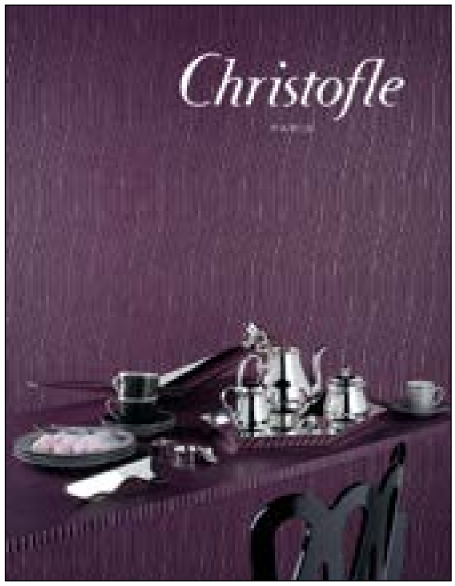
Notwithstanding the slowing economic growth of China and the impact of the Eurozone uncertainties, the Group remains confident of its businesses continuing to achieve solid and healthy performance, on the back of its disciplined business strategies.

With its strong cash position of HK$862.9 million, and its strong recurrent income, the Group remains perfectly positioned to exploit and take advantage of any investment opportunities of exceptional value.

Beauty Bazaar by Harvey Nichols at The ONE, Tsimshatsui, Hong Kong.
位於香港尖沙咀「The ONE」的「Harvey Nichols」之「Beauty Bazaar」店。

Dickson Poon
Group Executive Chairman

Hong Kong, 21st June, 2012



Christofle silverware.
「Christofle」銀器。

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of the Company will be held at 4th Floor, East Ocean Centre, 98 Granville Road, Tsimshatsui East, Kowloon, Hong Kong on Thursday, 16th August, 2012 at 11:00 a.m. for the following purposes :-

1. To receive and consider the Reports of the Directors and the Independent Auditor and the Statement of Accounts for the year ended 31st March, 2012.

2. To approve the payment of the final dividend recommended by the Directors in respect of the year ended 31st March, 2012.

3. To re-elect Directors and to fix the Directors' fees.

4. To re-appoint the Independent Auditor for the ensuing year and to authorise the Directors to fix their remuneration.

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

   "**THAT** :-

   (A) subject to paragraph 5(C) below, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to allot and issue additional shares in the share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;

   (B) the approval in paragraph 5(A) shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

   (C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph 5(A), otherwise than pursuant to a Rights Issue, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution and the said approval shall be limited accordingly; and

   (D) for the purpose of this Resolution :-

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

   (i) the conclusion of the next Annual General Meeting of the shareholders of the Company;

   (ii) the expiration of the period within which the next Annual General Meeting of the shareholders of the Company is required by law to be held; and

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

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

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

"**THAT** :-

(A) subject to paragraph 6(C) below, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to repurchase issued shares in the share capital of the Company subject to and in accordance with all applicable laws be and is hereby generally and unconditionally approved;

(B) the approval in paragraph 6(A) shall be in addition to any other authorisation given to the Directors of the Company;

(C) the aggregate nominal amount of share capital purchased or agreed conditionally or unconditionally to be purchased by the Company pursuant to the approval in paragraph 6(A) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution and the said approval shall be limited accordingly; and

(D) for the purpose of this Resolution :-

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

(i) the conclusion of the next Annual General Meeting of the shareholders of the Company;

(ii) the expiration of the period within which the next Annual General Meeting of the shareholders of the Company is required by law to be held; and

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

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

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

By Order of the Board

Or Suk Ying, Stella
Company Secretary

Hong Kong, 11th July, 2012

Registered Office :
Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda.

Head Office and Principal Place of Business :
4th Floor, East Ocean Centre,
98 Granville Road,
Tsimshatsui East,
Kowloon,
Hong Kong.

Notes :-

1. A shareholder entitled to attend and vote at the above meeting (or at any adjournment thereof) is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him/her. A shareholder may appoint a proxy in respect of part only of his/her holding of ordinary shares in the Company. A proxy need not also be a shareholder of the Company.

2. Where there are joint registered holders of any ordinary share, any one of such persons may vote at the above meeting, either personally or by proxy, in respect of such ordinary share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members of the Company in respect of such ordinary share shall alone be entitled to vote in respect thereof.

3. In order to be valid, the completed proxy form, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be lodged with the Company's Hong Kong Branch Registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 11:00 a.m. on Tuesday, 14th August, 2012.

4. For the purpose of ascertaining shareholders' right to attend and vote at the above meeting, the Register of Members of the Company will be closed from Wednesday, 15th August, 2012 to Thursday, 16th August, 2012, both days inclusive, during which period no transfer of shares will be effected. In order for a shareholder to be eligible to attend and vote at the above meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Tricor Tengis Limited, at the address as mentioned in Note 3 above not later than 4:30 p.m. on Tuesday, 14th August, 2012.

5. For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Wednesday, 22nd August, 2012 to Thursday, 23rd August, 2012, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend (subject to shareholders' approval at the above meeting), all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Tricor Tengis Limited, at the address as mentioned in Note 3 above not later than 4:30 p.m. on Tuesday, 21st August, 2012.

6. With regard to item 3 of this Notice, Mr. Chan Tsang Wing, Nelson, Mr. Ng Chan Lam, Mr. Christopher Patrick Langley, OBE and Mr. Chan Hon Chung, Johnny Pollux will retire at the above meeting. These four retiring Directors, being eligible, have offered themselves for re-election. Details of the aforesaid Directors who have offered themselves for re-election are contained in the circular accompanying the 2012 Annual Report of the Company.

7. With regard to item 5 of this Notice, the Directors wish to state that, currently, they have no plans to issue any additional new ordinary shares of the Company. The present general mandate given by shareholders pursuant to the provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") will expire at the above meeting and, accordingly, a renewal of that general mandate is now being sought.

8. With regard to items 6 and 7 of this Notice, the present general mandate given by shareholders pursuant to the provisions of the Listing Rules and the Code on Share Repurchases ("the Repurchase Code") will expire at the above meeting and, accordingly, a renewal of that general mandate is now being sought. In accordance with the Listing Rules and the Repurchase Code, the terms and conditions upon which such power will be exercised are contained in the circular as mentioned in Note 6 above.

9. Completion and return of the proxy form will not preclude a shareholder from attending and voting in person at the above meeting (or at any adjournment thereof) if he/she so wishes. In that event, the shareholder's proxy form will be deemed to have been revoked.

10. Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions to be proposed at the above meeting will be decided by way of a poll.

11. In case of any conflict between any translation and the English text hereof, the English text will prevail.

12. As at the date of this Notice, the Board of Directors of the Company comprises :-

Executive Directors :
Dickson Poon *(Group Executive Chairman)*
Raymond Lee *(Deputy Chairman and Chief Executive Officer)*
Chan Tsang Wing, Nelson *(Chief Operating Officer)*
Chan Hon Chung, Johnny Pollux
Lau Yu Hee, Gary
Ng Chan Lam

Independent Non-Executive Directors :
Bhanusak Asvaintra
Nicholas Peter Etches
Christopher Patrick Langley, OBE

The directors have pleasure in presenting their annual report together with the audited accounts for the year ended 31st March, 2012.

Group Activities

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

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

Accounts

The profit of the Group for the year ended 31st March, 2012 and the financial position of the Company and the Group at that date are set out in the accounts on pages 43 to 96.

Dividends

An interim dividend of 13.0 cents (2011 : 13.0 cents) per ordinary share was paid on 20th January, 2012.

The directors recommend the payment of a final dividend of 20.0 cents (2011 : 20.0 cents) per ordinary share in respect of the year ended 31st March, 2012.

Share Capital and Reserves

Movements in share capital and reserves during the year are set out in Notes 22 and 23 on the accounts respectively.

Share Option Scheme

Details of the Share Option Scheme of the Company are set out in Note 22 on the accounts.

Share Purchase, Sale and Redemption

At no time during the year was there any purchase, sale or redemption by the Company, or any of its subsidiary companies, of the Company's shares.

Pre-emptive Rights

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

Charitable Donations

Donations made by the Group during the year amounted to HK$1,337,000.

Fixed Assets
Movements in fixed assets during the year are set out in Note 11 on the accounts.

Borrowings
Bank loans are stated in Note 19 on the accounts.

Retirement Schemes
Retirement schemes operated by the Group during the year are outlined in Notes 1(p), 4 and 25 on the accounts.

Principal Subsidiary and Associated Companies
Particulars of the Company's principal subsidiary and associated companies are set out on pages 92 to 96.

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

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

Employment and Remuneration Policies
As at 31st March, 2012, the Group had 2,841 (2011 : 2,670) employees. Total staff costs (including directors' emoluments) amounted to HK$625.0 million (2011 : HK$517.3 million). Remuneration policies are reviewed regularly by the Board and by the Remuneration Committee in respect of directors and senior management. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective countries and businesses in which the Group operates.

Liquidity and Financial Resources
During the year, the Group generated net cash from operating activities of HK$91.6 million (2011 : HK$451.7 million) being operating cash flow of HK$359.2 million (2011 : HK$458.7 million) less a net increase in working capital and tax payments totalling HK$267.6 million (2011 : HK$7.0 million).

Such net cash from operating activities was utilised in funding part of the Group's investing activities during the year which included capital expenditure of HK$298.6 million (2011 : HK$130.2 million).

Together with other financing activities including dividend payments of HK$122.9 million (2011 : HK$182.4 million), net cash utilisation over inflow totalled HK$165.7 million. This resulted in reducing the Group's net liquid financial resources as at 31st March, 2012 to HK$862.9 million (2011 : HK$1,038.9 million) comprising cash and bank deposits of HK$937.9 million less short-term bank borrowings of HK$75.0 million.

Foreign Currency Exposure and Financial Management

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

Exposure to fluctuations in the exchange rate of regional currencies in respect of the Group's overseas operations is minimised by utilising local currency borrowings, where necessary, to fund working capital and capital expenditure requirements with repayment from funds generated from local sales. The Group's outstanding foreign currency bank borrowings are a result of the application of this policy and comprise short-term bank loans drawn in Singapore Dollars by an operating subsidiary company.

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

As at 31st March, 2012, the Group's current ratio, being current assets divided by current liabilities, was 2.9 times compared to 2.7 times as at 31st March, 2011. The Group has maintained a net surplus cash position throughout the financial year under review and its gearing ratio, being total bank borrowings net of cash balances as a percentage of consolidated capital and reserves is Nil (as at 31st March, 2011 : Nil).

Financial Summary

The results, assets and liabilities of the Group for the last five years are summarised on page 97.

Major Customers and Suppliers

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

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

The largest supplier	10 per cent.
Five largest suppliers in aggregate	42 per cent.

Directors

The directors during the year were :-

Dickson Poon	(Group Executive Chairman)
Raymond Lee	(Deputy Chairman and Chief Executive Officer)
Chan Tsang Wing, Nelson	(Executive Director and Chief Operating Officer)
Chan Hon Chung, Johnny Pollux	(Executive Director) (Appointed on 1st September, 2011)
Lau Yu Hee, Gary	(Executive Director)
Ng Chan Lam	(Executive Director)
Bhanusak Asvaintra	(Independent Non-Executive Director)
Nicholas Peter Etches	(Independent Non-Executive Director)
Christopher Patrick Langley, OBE	(Independent Non-Executive Director)

In accordance with Bye-law 111(A) of the Company's New Bye-Laws, Mr. Chan Tsang Wing, Nelson, Mr. Ng Chan Lam (both Mr. Chan and Mr. Ng are Executive Directors) and Mr. Christopher Patrick Langley, OBE (an Independent Non-Executive Director) shall retire from office by rotation at the forthcoming annual general meeting of the shareholders of the Company while in accordance with Bye-law 102 of the Company's New Bye-Laws, Mr. Chan Hon Chung, Johnny Pollux, who was appointed as an Executive Director on 1st September, 2011, shall hold office only until the forthcoming annual general meeting of the shareholders of the Company, and be subject to re-election at such meeting. All these four retiring Directors, being eligible, have offered themselves for re-election. None of the Directors offering themselves for re-election has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' Biographies

Mr. Dickson Poon *(Group Executive Chairman)*
Mr. Poon, aged 56, is the founder and a substantial shareholder of the Group. He established the Dickson group business in 1980 and was appointed an Executive Director of the Company in November 1991 and has been the Group Executive Chairman since February 1992. Mr. Poon provides leadership for the Board and ensures that the Board discharges its responsibilities effectively and efficiently. The relationship between Mr. Poon and Dickson Investment Holding (PTC) Corporation which has a notifiable interest in the Company under the provisions of the Securities and Futures Ordinance ("the SFO") is mentioned in the "Directors' Interests" and "Substantial Shareholders' and Other Persons' Interests" sections of this report.

Mr. Raymond Lee *(Deputy Chairman and Chief Executive Officer)*
Mr. Lee, aged 62, joined the Group in May 1992 as an Executive Director. He was appointed the Deputy Chairman in April 2000 and the Chief Executive Officer in June 2005. He is a Fellow of The Institute of Chartered Accountants in England and Wales, and prior to joining the Group, held a senior position with a major international financial institution. Mr. Lee provides leadership for the management of the Group to implement the strategies and oversee the realisation of the objectives set by the Board.

Mr. Chan Tsang Wing, Nelson *(Executive Director and Chief Operating Officer)*
Mr. Chan, aged 56, was appointed an Executive Director in February 2000 and the Chief Operating Officer in March 2011. He is a Fellow of The Institute of Chartered Accountants in England and Wales, and was previously chief executive of a major international trading group.

Mr. Chan Hon Chung, Johnny Pollux *(Executive Director)*
Mr. Chan, aged 52, joined the Group in 1983 as a Senior Accountant. He was appointed the Group Financial Controller in 2002 and an Executive Director in September 2011. Mr. Chan is in charge of the financial and management reporting, treasury management and tax compliance function of the Group. He is a Fellow of The Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, Mr. Chan held a senior position with an international audit firm in Hong Kong.

Mr. Lau Yu Hee, Gary *(Executive Director)*
Mr. Lau, aged 58, joined the Group in 1990 and was appointed an Executive Director in January 2008. He has been in charge of the Group's Taiwan operations since the time he joined the Group. Educated in Hong Kong, Mr. Lau started his career as a journalist and later moved on to work for a French company distributing luxury goods in the region before joining the Group.

Mr. Ng Chan Lam *(Executive Director)*
Mr. Ng, aged 63, joined the Group in 1988 and was appointed an Executive Director in July 1994. A graduate of a university in Montreal, Canada, he acquired extensive trading and administrative experience prior to joining the Group.

Mr. Bhanusak Asvaintra *(Independent Non-Executive Director)*
Mr. Asvaintra, aged 67, was appointed an Independent Non-Executive Director in September 2004. A graduate of the University of Pennsylvania and the University of Chicago, he held senior executive positions with the Chase Manhattan Bank group in New York, Hong Kong and Singapore in the 1970s. Mr. Asvaintra joined the Charoen Pokphand group of companies in 1980 and retired as its chief executive officer in 1998.

Mr. Nicholas Peter Etches *(Independent Non-Executive Director)*
Mr. Etches, aged 63, was appointed an Independent Non-Executive Director in June 2004. He has over 34 years auditing experience with clients in a range of industries, also specialising in the fields of banking and finance as well as insolvency and corporate recovery practice. He is a Fellow of The Institute of Chartered Accountants in England and Wales and a Fellow of the Hong Kong Institute of Certified Public Accountants of which he was the President in 1995. Mr. Etches joined one of the leading international accounting firms in London in 1967, transferred to the firm's Hong Kong office in 1975 and became a partner in 1978 until his retirement in 2002.

Mr. Christopher Patrick Langley, OBE *(Independent Non-Executive Director)*
Mr. Langley, aged 67, was appointed an Independent Non-Executive Director in November 2002. He was formerly an executive director of The Hongkong and Shanghai Banking Corporation Limited. Mr. Langley holds directorships in a number of publicly listed companies and maintains close ties with the business community in Hong Kong.

Disclosure of Interests

Directors' Interests

As at 31st March, 2012, the interests and short positions of the directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("the Directors' Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities ("the Listing Rules") on the Stock Exchange were as follows :-

Dickson Concepts (International) Limited

		Ordinary shares of HK$0.30 each					
Name of Director	**Capacity**	**Personal Interests**	**Family Interests**	**Corporate Interests**	**Other Interests**	**Total**	**Percentage**[(ii)]
Dickson Poon	Beneficial owner and trust founder	14,040	–	–	149,395,699[(i)]	149,409,739	40.13
Christopher Patrick Langley, OBE	Beneficial owner	50,000	–	–	–	50,000	0.01

Notes :-

(i) These shares are held through two trusts.

(ii) Percentage which the aggregate long position in shares represents to the issued share capital of the Company.

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

Save as referred to above, as at 31st March, 2012, none of the directors had any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept by the Company under Section 352 of the SFO or which are notified to the Company and the Stock Exchange pursuant to the Directors' Model Code.

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

As at 31st March, 2012, no share options had been granted to the directors under the share option scheme which was adopted on 26th August, 2003.

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

Substantial Shareholders' and Other Persons' Interests

As at 31st March, 2012, the interests and short positions of the persons (other than the directors) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows :-

Dickson Concepts (International) Limited

Name of shareholder	**Ordinary shares of HK$0.30 each**	**Percentage**[iii]	**Capacity**
Yu Kwai Chu, Pearl	149,409,739[i]	40.13	Interest of spouse
Dickson Investment Holding (PTC) Corporation ("DIHPTC")	149,395,699[ii]	40.13	Trustee
Paicolex Trust Company (BVI) Limited ("Paicolex BVI")	149,395,699[ii]	40.13	Trustee
Paicolex Trust Management AG ("Paicolex AG")	149,395,699[ii]	40.13	Trustee

Notes :-

(i) These shares refer to the family interest attributable to Mr. Dickson Poon, the spouse of Ms. Yu Kwai Chu, Pearl.

(ii) These shares refer to the same block of shares. DIHPTC, Paicolex BVI and Paicolex AG are trustees of two trusts. These shares are also included in the 149,395,699 shares which were disclosed as "Other Interests" of Mr. Dickson Poon in the "Directors' Interests" section of this report. Mr. Dickson Poon is a director of DIHPTC.

(iii) Percentage which the aggregate long position in shares represents to the issued share capital of the Company.

Save as disclosed above and in the "Directors' Interests" section of this report, the Company has not been notified by any person who had an interest or short position in the shares or underlying shares of the Company as at 31st March, 2012 which is required to be notified to the Company pursuant to Part XV of the SFO or which is recorded in the register required to be kept by the Company under Section 336 of the SFO.

Continuing Connected Transactions

1. During the year, the Group has on an on-going basis conducted transactions with the S.T. Dupont Group (i.e. S.T. Dupont S.A., a company incorporated in France with limited liability, the shares of which are listed on the Paris Bourse in France and which is owned as to 74.37 per cent. of its issued share capital by a trust established for the benefit of the family members of Mr. Dickson Poon, the Group Executive Chairman, together with its subsidiary companies, which are principally engaged in the manufacture and distribution of luxury lighters, writing instruments, leather goods, accessories, ready-to-wear clothing, watches and fragrances under the brand name of "S.T. Dupont"). These transactions involve sales and purchases of merchandise, provision of management and supporting services, provision of interior design services, licensing of a sales corner and payment of sublicence fee, all of which are conducted on normal commercial terms and in the ordinary and usual course of business of the Group, details of which are set out as follows :-

   (a) On 27th March, 2009, Dickson Concepts Limited ("DCL"), a member of the Group, as seller and S.T. Dupont Marketing Limited ("STDML"), a member of the S.T. Dupont Group, as purchaser entered into and renewed a merchandise sale and purchase agreement ("the Agreement No. 1") regarding the sales of certain merchandise by the Group to the S.T. Dupont Group including, but not limited to, luxury lighters, writing instruments, leather goods, accessories, ready-to-wear clothing, watches as well as fragrances under the brand name of "S.T. Dupont" or names of product lines under "S.T. Dupont" (for that merchandise manufactured in the People's Republic of China ("PRC") only) for a period of three years commencing from 1st April, 2009 and ending on 31st March, 2012. The selling prices of the obsolete merchandise are set at the Group's purchase cost of the obsolete merchandise while the selling prices of other merchandise are set at the standard wholesale prices of the Group, due upon shipment of the merchandise and to be settled in cash with a credit period of up to 60 days. The maximum annual cap received by the Group for the sales of merchandise to the S.T. Dupont Group under the Agreement No. 1 for the financial year ended 31st March, 2012 is HK$26,780,000. The Agreement No. 1 and its relevant maximum annual caps were duly approved by the independent shareholders of the Company ("the Independent Shareholders") (i.e. shareholders of the Company, other than Mr. Dickson Poon and his associates (the meaning of which is as ascribed under the Listing Rules)) at the special general meeting of the shareholders of the Company held on 5th May, 2009 ("the 2009 SGM"). The sales of merchandise by the Group to the S.T. Dupont Group under the Agreement No. 1 during the year was HK$15,254,000 which was below the maximum annual cap of HK$26,780,000.

On 26th March, 2012, DCL as seller and STDML as purchaser entered into a renewal merchandise sale and purchase agreement ("the Renewal Agreement No. 1") regarding the renewal of the Agreement No. 1 upon its expiry on 31st March, 2012 for a further period of three years commencing from 1st April, 2012 and ending on 31st March, 2015 with the terms regarding selling prices remain unchanged. The maximum annual caps receivable by the Group for the sales of merchandise to the S.T. Dupont Group under the Renewal Agreement No. 1 for the financial years ending 31st March, 2013, 31st March, 2014 and 31st March, 2015 are HK$25,586,000, HK$33,262,000 and HK$43,241,000 respectively.

(b) On 27th March, 2009, STDML, a member of the S.T. Dupont Group, as seller and DCL, a member of the Group, as purchaser entered into and renewed a merchandise sale and purchase agreement ("the Agreement No. 2") regarding the purchases of certain merchandise by the Group from the S.T. Dupont Group including, but not limited to, luxury lighters, writing instruments, leather goods, accessories, ready-to-wear clothing, watches as well as fragrances under the brand name of "S.T. Dupont" or names of product lines under "S.T. Dupont" (for that merchandise manufactured outside the PRC only) for a period of three years commencing from 1st April, 2009 and ending on 31st March, 2012. The purchase prices of the merchandise are at the standard wholesale prices as set by the S.T. Dupont Group, due upon shipment of the merchandise and to be settled in cash with a credit period of up to 60 days. The maximum annual cap paid by the Group for the purchases of merchandise from the S.T. Dupont Group under the Agreement No. 2 for the financial year ended 31st March, 2012 is HK$30,250,000. The Agreement No. 2 and its relevant maximum annual caps were duly approved by the Independent Shareholders at the 2009 SGM. The purchases of merchandise by the Group from the S.T. Dupont Group under the Agreement No. 2 during the year was HK$22,731,000 which was below the maximum annual cap of HK$30,250,000.

On 26th March, 2012, STDML as seller and DCL as purchaser entered into a renewal merchandise sale and purchase agreement ("the Renewal Agreement No. 2") regarding the renewal of the Agreement No. 2 upon its expiry on 31st March, 2012 for a further period of three years commencing from 1st April, 2012 and ending on 31st March, 2015 with the terms regarding purchase prices remain unchanged. The maximum annual caps payable by the Group for the purchases of merchandise from the S.T. Dupont Group under the Renewal Agreement No. 2 for the financial years ending 31st March, 2013, 31st March, 2014 and 31st March, 2015 are HK$19,938,000, HK$23,926,000 and HK$28,711,000 respectively.

(c) On 27th March, 2009, S.T. Dupont Japan K.K., a member of the S.T. Dupont Group, as service provider and D Marketing Japan K.K. ("DMJKK"), a member of the Group, as service receiver entered into and renewed a management agreement ("the Agreement No. 3") regarding the provision of various specialised services by the S.T. Dupont Group to the Group, including specialised knowledge, resources and data pertaining to the managing, marketing and sale of watches in Japan for a period of three years commencing from 1st April, 2009 and ending on 31st March, 2012. The management fee payable by the Group is equal to the initial amount of 1 per cent. of annual turnover of DMJKK, excluding value added tax, plus 20 per cent. of annual pre-tax profit of DMJKK, with a maximum of 20 million Yen (about HK$1.98 million) and this management fee shall be payable in cash on a yearly basis with a credit period of up to 45 days. The maximum annual cap paid by the Group for the receipt of management services from the S.T. Dupont Group under the Agreement No. 3 for the financial year ended 31st March, 2012 is HK$113,000. The Agreement No. 3 was not renewed upon its expiry on 31st March, 2012. The management fee paid by the Group to the S.T. Dupont Group in respect of the receipt of the management services from the S.T. Dupont Group under the Agreement No. 3 during the year was HK$15,000 which was below the maximum annual cap of HK$113,000.

(d) On 27th March, 2009, DCL, a member of the Group, as service provider and STDML, a member of the S.T. Dupont Group, as service receiver entered into and renewed a services agreement ("the Agreement No. 4(a)") together with an agreement on personnel ("the Agreement No. 4(b)") regarding the provision of certain management and supporting services by the Group to the S.T. Dupont Group including office and warehouse space, stock management services, centralised administrative and supporting functions including management, stock control and information technology for a period of three years commencing from 1st April, 2009 and ending on 31st March, 2012. Moreover, pursuant to the Agreement No. 4(b), the salaries of employees in charge of marketing and selling of products provided by the S.T. Dupont Group and the Group and supervising exclusive S.T. Dupont boutiques in the PRC are to be shared between the Group and the S.T. Dupont Group. The service fee payable by the S.T. Dupont Group is calculated on a cost and/or cost plus (as may be required by the relevant tax or other rulings or regulations) allocation basis and this service fee shall be payable in cash on a monthly basis with a credit period of up to 30 days. The maximum annual cap received by the Group for the provision of management and supporting services to the S.T. Dupont Group under the Agreements Nos. 4(a) and 4(b) for the financial year ended 31st March, 2012 is HK$12,495,000. The service fee received by the Group from the S.T. Dupont Group in respect of the provision of management and supporting services to the S.T. Dupont Group under the Agreements Nos. 4(a) and 4(b) during the year was HK$11,368,000 which was below the maximum annual cap of HK$12,495,000.

On 26th March, 2012, DCL as service provider and STDML as service receiver entered into a renewal services agreement ("the Renewal Agreement No. 4(a)") together with a renewal agreement on personnel ("the Renewal Agreement No. 4(b)") regarding the renewal of each of the Agreements Nos. 4(a) and 4(b) upon its expiry on 31st March, 2012 for a further period of three years commencing from 1st April, 2012 and ending on 31st March, 2015 with the terms regarding service fee remain unchanged. The maximum annual caps receivable by the Group for the provision of management and supporting services to the S.T. Dupont Group under the Renewal Agreements Nos. 4(a) and 4(b) for the financial years ending 31st March, 2013, 31st March, 2014 and 31st March, 2015 are HK$19,675,000, HK$23,610,000 and HK$28,332,000 respectively.

(e) On 27th March, 2009, Dickson Interior Design Limited ("DIDL"), a member of the Group, as service provider and STDML, a member of the S.T. Dupont Group, as service receiver entered into and renewed an interior design services agreement ("the Agreement No. 5") regarding the provision of interior design services by the Group to the S.T. Dupont Group relating to its retail outlets and sales corners for a period of three years commencing from 1st April, 2009 and ending on 31st March, 2012. The interior design service fee payable by the S.T. Dupont Group is charged at a rate of 10 per cent. (which is derived in accordance with industry practice) of the total contract sum for the building and fitting out of any of its freestanding boutiques, department store corners and retail outlets and this interior design service fee shall be payable in cash on a contract phase completion basis with a credit period of up to 30 days. The maximum annual cap received by the Group for the provision of interior design services to the S.T. Dupont Group under the Agreement No. 5 for the financial year ended 31st March, 2012 is HK$558,000. The interior design service fee received by the Group from the S.T. Dupont Group in respect of the provision of interior design services to the S.T. Dupont Group under the Agreement No. 5 during the year was HK$542,000 which was below the maximum annual cap of HK$558,000.

On 26th March, 2012, DIDL as service provider and STDML as service receiver entered into a renewal interior design services agreement ("the Renewal Agreement No. 5") regarding the renewal of the Agreement No. 5 upon its expiry on 31st March, 2012 for a further period of three years commencing from 1st April, 2012 and ending on 31st March, 2015 with the terms regarding service fee remain unchanged. The maximum annual caps receivable by the Group for the provision of interior design services to the S.T. Dupont Group under the Renewal Agreement No. 5 for the financial years ending 31st March, 2013, 31st March, 2014 and 31st March, 2015 are HK$660,000, HK$792,000 and HK$950,000 respectively.

(f) On 27th March, 2009, Hong Kong Seibu Enterprise Company Limited ("HKSECL"), a member of the Group, as grantor and STDML, a member of the S.T. Dupont Group, as licensee entered into and renewed a licence agreement ("the Agreement No. 6") regarding the licensing of a sales corner ("the STD Seibu Corner") by the Group to the S.T. Dupont Group in the Group's Seibu store at Two Pacific Place, 88 Queensway, Hong Kong ("the PP Seibu Store") with a total lettable area of about 762 sq. ft. for a period of two years commencing from 2nd April, 2009 and ending on 1st April, 2011. The licence fee payable by the S.T. Dupont Group is based on a certain percentage of the monthly sales made at the STD Seibu Corner but subject to a minimum monthly licence fee of HK$213,360, to be paid in cash within 20 days from the end of each month in arrears. The maximum annual cap received by the Group for the licensing of the STD Seibu Corner to the S.T. Dupont Group under the Agreement No. 6 for the financial year ended 31st March, 2012 is HK$14,000 (one day). The licence fee received by the Group from the S.T. Dupont Group in respect of the licensing of the STD Seibu Corner to the S.T. Dupont Group under the Agreement No. 6 during the year was HK$14,000 (one day) which was the same as the maximum annual cap.

On 25th March, 2011, a licence extension letter agreement ("the Letter Agreement No. 6") was issued by HKSECL as grantor and confirmed by STDML as licensee regarding their mutual agreement and confirmation to extend the term of the Agreement No. 6 in respect of the licensing of the STD Seibu Corner by the Group to the S.T. Dupont Group in the PP Seibu Store upon its expiry on 1st April, 2011 for a further period of two months and six days commencing from 2nd April, 2011 and ending on 7th June, 2011 with the terms regarding licence fee remain unchanged. The maximum annual cap received by the Group for the extension of the term of the licensing of the STD Seibu Corner to the S.T. Dupont Group under the Letter Agreement No. 6 for the financial year ended 31st March, 2012 is HK$599,200 (two months and six days). The Agreement No. 6 was not renewed upon its expiry on 7th June, 2011 as the PP Seibu Store was closed in June 2011. The licence fee received by the Group from the S.T. Dupont Group in respect of the licensing of the STD Seibu Corner to the S.T. Dupont Group under the Letter Agreement No. 6 during the year was HK$487,000 (two months and six days) which was below the maximum annual cap of HK$599,200 (two months and six days).

(g) On 23rd September, 2011, Harvey Nichols (Hong Kong) Limited ("HNHKL"), a member of the Group, as grantor and STDML, a member of the S.T. Dupont Group, as licensee entered into a licence agreement ("the Agreement No. 7") regarding the licensing of a sales corner ("the STD HN Corner") by the Group to the S.T. Dupont Group in the Group's Harvey Nichols store at Two Pacific Place, 88 Queensway, Hong Kong ("the PP Harvey Nichols Store") with a total lettable area of about 685 sq. ft. for a period of two years commencing from 7th October, 2011 and ending on 6th October, 2013. The licence fee payable by the S.T. Dupont Group is based on a certain percentage of the monthly gross turnover made at the STD HN Corner but subject to a minimum monthly licence fee payment of HK$219,200, to be paid in cash within 20 days from the end of each month in arrears. The maximum annual cap received/receivable by the Group for the licensing of the STD HN Corner to the S.T. Dupont Group under the Agreement No. 7 for the financial years ended/ending 31st March, 2012, 31st March, 2013 and 31st March, 2014 are HK$1,586,000 (five months and twenty-five days), HK$3,934,000 and HK$2,437,000 (six months and six days) respectively. The licence fee received by the Group from the S.T. Dupont Group in respect of the licensing of the STD HN Corner to the S.T. Dupont Group under the Agreement No. 7 during the year was HK$1,237,000 (five months and twenty-five days) which was below the maximum annual cap of HK$1,586,000 (five months and twenty-five days).

(h) On 27th March, 2009, STDML, a member of the S.T. Dupont Group, as licensor and Bondwood Investments Limited ("Bondwood"), a member of the Group, as licensee entered into a renewal sublicence agreement ("the Agreement No. 8") regarding the payment of sublicence fee by the Group to the S.T. Dupont Group in respect of the "S.T. Dupont" products which the Group distributes in the PRC (excluding Hong Kong) in its capacity as both retailer and wholesaler and the expansion of the term "Territory" to include Taiwan for a period of three years commencing from 1st April, 2009 and ending on 31st March, 2012. The sublicence fee is calculated based on a certain percentage (which is in line with the market practice) on each of the retail and wholesale turnover (excluding sales of imported products purchased from the S.T. Dupont Group) of "S.T. Dupont" products per year and the sublicence fee shall be payable in cash on a quarterly basis with a credit period of up to 45 days. The maximum annual cap paid by the Group for the payment of sublicence fee to the S.T. Dupont Group in respect of the "S.T. Dupont" products distributed by the Group in the PRC (excluding Hong Kong) and Taiwan under the Agreement No. 8 for the financial year ended 31st March, 2012 is HK$48,561,000. The Agreement No. 8 and its relevant maximum annual caps were duly approved by the Independent Shareholders at the 2009 SGM. The sublicence fee paid by the Group to the S.T. Dupont Group in respect of the distribution of "S.T. Dupont" products by the Group in the PRC (excluding Hong Kong) and Taiwan under the Agreement No. 8 during the year was HK$30,235,000 which was below the maximum annual cap of HK$48,561,000.

On 26th March, 2012, STDML as licensor and Bondwood as licensee entered into a renewal sublicence agreement ("the Renewal Agreement No. 8") regarding the renewal of the Agreement No. 8 upon its expiry on 31st March, 2012 for a further period of three years commencing from 1st April, 2012 and ending on 31st March, 2015 with the terms regarding sublicence fee remain unchanged. The maximum annual caps payable by the Group for the payment of sublicence fee to the S.T. Dupont Group in respect of the "S.T. Dupont" products distributed by the Group in the PRC (excluding Hong Kong) and Taiwan under the Renewal Agreement No. 8 for the financial years ending 31st March, 2013, 31st March, 2014 and 31st March, 2015 are HK$36,485,000, HK$43,782,000 and HK$52,538,000 respectively.

2. During the year, the Group has on an on-going basis conducted transactions with the Artland Group (i.e. Artland Watch Company Limited ("AWCL") and Precision Watch Company Limited ("PWCL"), both of which are indirectly wholly-owned by Mr. Dickson Poon, together with their subsidiary companies, which are principally engaged in the sale of watches and jewellery). These transactions involve sales and purchases of merchandise and licensing of a sales corner, all of which are conducted on normal commercial terms and in the ordinary and usual course of business of the Group, details of which are set out as follows :-

(a) On 27th March, 2009, Castlereagh Limited ("Castlereagh"), a member of the Group, as seller and AWCL and PWCL, both of which are members of the Artland Group, as purchasers entered into and renewed a merchandise sale and purchase agreement ("the Agreement No. 9") regarding the sales of certain merchandise by the Group to the Artland Group including, but not limited to, certain prestigious branded watches, timepieces and jewellery under various prestigious international brand names for a period of three years commencing from 1st April, 2009 and ending on 31st March, 2012. The selling prices of the merchandise are equal to the retail prices less normal trade discounts, due upon shipment of the merchandise and to be settled in cash with a credit period of up to 90 days. The maximum annual cap received by the Group for the sales of merchandise to the Artland Group under the Agreement No. 9 for the financial year ended 31st March, 2012 is HK$26,525,000. The Agreement No. 9 and its relevant maximum annual caps were duly approved by the Independent Shareholders at the 2009 SGM. The sales of merchandise by the Group to the Artland Group under the Agreement No. 9 during the year was HK$6,520,000 which was below the maximum annual cap of HK$26,525,000.

On 26th March, 2012, Castlereagh as seller and AWCL and PWCL as purchasers entered into a renewal merchandise sale and purchase agreement ("the Renewal Agreement No. 9") regarding the renewal of the Agreement No. 9 upon its expiry on 31st March, 2012 for a further period of three years commencing from 1st April, 2012 and ending on 31st March, 2015 with the terms regarding selling prices remain unchanged. The maximum annual caps receivable by the Group for the sales of merchandise to the Artland Group under the Renewal Agreement No. 9 for the financial years ending 31st March, 2013, 31st March, 2014 and 31st March, 2015 are HK$7,683,000, HK$9,219,000 and HK$11,063,000 respectively.

(b) On 27th March, 2009, AWCL and PWCL, both of which are members of the Artland Group, as sellers and DCL, a member of the Group, as purchaser entered into and renewed a merchandise sale and purchase agreement ("the Agreement No. 10") regarding the purchases of certain merchandise by the Group from the Artland Group including, but not limited to, certain prestigious branded watches, timepieces and jewellery under various prestigious international brand names for a period of three years commencing from 1st April, 2009 and ending on 31st March, 2012. The purchase prices of the merchandise are equal to the retail prices less normal trade discounts, due upon shipment of the merchandise and to be settled in cash with a credit period of up to 30 days. The maximum annual cap paid by the Group for the purchases of merchandise from the Artland Group under the Agreement No. 10 for the financial year ended 31st March, 2012 is HK$2,307,000 which was subsequently revised to HK$3,790,000, reflecting the revised projection for the total purchases of certain merchandise by the Group from the Artland Group ("the Revision"). The Revision was disclosed in the announcement of the Company dated 9th December, 2009 pursuant to Rule 14A.36(1) of the Listing Rules. The purchases of merchandise by the Group from the Artland Group under the Agreement No. 10 during the year was HK$424,000 which was below the maximum annual cap of HK$3,790,000.

On 26th March, 2012, AWCL and PWCL as sellers and DCL as purchaser entered into a renewal merchandise sale and purchase agreement ("the Renewal Agreement No. 10") regarding the renewal of the Agreement No. 10 upon its expiry on 31st March, 2012 for a further period of three years commencing from 1st April, 2012 and ending on 31st March, 2015 with the terms regarding purchase prices remain unchanged. The maximum annual caps payable by the Group for the purchases of merchandise from the Artland Group under the Renewal Agreement No. 10 for the financial years ending 31st March, 2013, 31st March, 2014 and 31st March, 2015 are HK$1,736,000, HK$2,083,000 and HK$2,500,000 respectively.

(c) On 8th October, 2010, a licence extension letter agreement ("the Letter Agreement No. 11") was issued by HKSECL, a member of the Group, as grantor and confirmed by PWCL, a member of the Artland Group, as licensee regarding their mutual agreement and confirmation to extend the term of a licence agreement dated 3rd October, 2007 ("the Agreement No. 11") entered into between HKSECL as grantor and PWCL as licensee in respect of the licensing of a sales corner ("the PW Seibu Corner") by the Group to the Artland Group in the PP Seibu Store with a total lettable area of about 1,161 sq. ft. upon its expiry on 11th September, 2010 for a further period of nine months and nineteen days commencing from 12th September, 2010 and ending on 30th June, 2011 at a monthly licence fee of HK$487,620, to be paid in cash within 20 days from the end of each month in arrears. The maximum annual cap received by the Group for the licensing of the PW Seibu Corner to the Artland Group under the Letter Agreement No. 11 for the financial year ended 31st March, 2012, based on the said monthly licence fee of HK$487,620, is HK$1,463,000 (three months). The Agreement No. 11 was not renewed upon its expiry on 30th June, 2011 as the PP Seibu Store was closed in June 2011. The licence fee received by the Group from the Artland Group for the extension of the term of the licensing of the PW Seibu Corner to the Artland Group under the Letter Agreement No. 11 during the year was HK$1,089,000 (three months) which was below the maximum annual cap of HK$1,463,000 (three months).

(d) On 23rd September, 2011, HNHKL, a member of the Group, as grantor and PWCL, a member of the Artland Group, as licensee entered into a licence agreement ("the Agreement No. 12") regarding the licensing of a sales corner ("the PW HN Corner") by the Group to the Artland Group in the PP Harvey Nichols Store with a total lettable area of about 4,095 sq. ft. for a period of two years commencing from 7th October, 2011 and ending on 6th October, 2013 at a monthly licence fee payment of HK$1,310,400, to be paid in cash within 20 days from the end of each month in arrears. The maximum annual caps received/receivable by the Group for the licensing of the PW HN Corner to the Artland Group under the Agreement No. 12 for the financial years ended/ending 31st March, 2012, 31st March, 2013 and 31st March, 2014, based on the monthly licence fee of HK$1,310,400, are HK$7,609,000 (five months and twenty-five days), HK$15,725,000 and HK$8,117,000 (six months and six days) respectively. The licence fee received by the Group from the Artland Group in respect of the licensing of the PW HN Corner to the Artland Group under the Agreement No. 12 during the year was HK$7,397,000 (five months and twenty-five days) which was below the maximum annual cap of HK$7,609,000 (five months and twenty-five days).

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

On 27th March, 2009, Dickson Communications as service provider and DCL, a member of the Group, as service receiver entered into and renewed a service agreement ("the Agreement No. 13") regarding the provision of certain advertising, marketing and promotion services by Dickson Communications to the Group for a period of three years commencing from 1st April, 2009 and ending on 31st March, 2012. The Group pays a monthly retainer fee and a handling service fee at a rate of 10 per cent. (which was derived in accordance with the industry practice) of the media or other costs incurred and paid by the Group to any third party media specialists, agents or independent contractors in connection with the provision of these services to the Group and this handling service fee shall be payable in cash on a monthly basis with a credit period of up to 30 days. The maximum annual cap paid by the Group for the receipt of advertising, marketing and promotion services from Dickson Communications under the Agreement No. 13 for the financial year ended 31st March, 2012 is HK$17,596,000. The amount of the retainer fee and the handling service fee paid by the Group to Dickson Communications in respect of the receipt of advertising, marketing and promotion services from Dickson Communications under the Agreement No. 13 during the year was HK$10,106,000 which was below the maximum annual cap of HK$17,596,000.

On 26th March, 2012, Dickson Communications as service provider and DCL, a member of the Group, as service receiver entered into a renewal promotional services agreement ("the Renewal Agreement No. 13") regarding the renewal of the Agreement No. 13 upon its expiry on 31st March, 2012 for a further period of three years commencing from 1st April, 2012 and ending on 31st March, 2015 with the terms regarding service fee remain unchanged. The maximum annual caps payable by the Group for the receipt of advertising, marketing and promotion services from Dickson Communications under the Renewal Agreement No. 13 for the financial years ending 31st March, 2013, 31st March, 2014 and 31st March, 2015 are HK$12,583,000, HK$15,100,000 and HK$18,120,000 respectively.

4. During the year, the Group has on an on-going basis conducted transactions with the Singapore Group (i.e. Dickson Investment (Singapore) Pte. Ltd. ("DISPL") (which is directly wholly-owned by Mr. Dickson Poon) together with its group companies, which are principally engaged in the importing, exporting, sale of fashion consumer goods, investment holding and provision of management and supporting services). These transactions involve purchases of merchandise, provision of management and supporting services and leasing of a shop space, all of which are conducted on normal commercial terms and in the ordinary and usual course of business of the Group, details of which are set out as follows :-

   (a) On 27th March, 2009, Dickson Trading (S) Pte Ltd ("DTSPL"), a member of the Singapore Group, as seller and Dickson Stores Pte Ltd ("DSPL"), a member of the Group, as purchaser entered into and renewed a merchandise sale and purchase agreement ("the Agreement No. 14") regarding the purchases of certain merchandise by the Group from the Singapore Group including, but not limited to, certain watches and leather goods under various international brand names for a period of three years commencing from 1st April, 2009 and ending on 31st March, 2012. The purchase prices of the merchandise are equal to the standard wholesale prices, due upon shipment of the merchandise and to be settled in cash with a credit period of up to 30 days. The maximum annual cap paid by the Group for the purchases of merchandise from the Singapore Group under the Agreement No. 14 for the financial year ended 31st March, 2012 is HK$128,000. The Agreement No. 14 was not renewed upon its expiry on 31st March, 2012. The Group did not purchase any merchandise from the Singapore Group under the Agreement No. 14 during the year.

   (b) On 27th March, 2009, DTSPL, a member of the Singapore Group, as service provider and DSPL, a member of the Group, as service receiver entered into and renewed a services agreement ("the Agreement No. 15") regarding the provision of certain management and supporting services by the Singapore Group to the Group's Singapore retail shops including maintenance of accounting records and management supervision for a period of three years commencing from 1st April, 2009 and ending on 31st March, 2012. The service fee payable by the Group is based on the overhead costs incurred by the Singapore Group in providing these services to the Group on a cost recovery basis and this service fee shall be payable in cash on a monthly basis with no credit period. The maximum annual cap paid by the Group for the receipt of management and supporting services from the Singapore Group under the Agreement No. 15 for the financial year ended 31st March, 2012 is HK$1,000,000. The Agreement No. 15 was not renewed upon its expiry on 31st March, 2012. The service fee paid by the Group to the Singapore Group in respect of the receipt of management and supporting services from the Singapore Group under the Agreement No. 15 during the year was HK$307,000 which was below the maximum annual cap of HK$1,000,000.

   (c) On 8th October, 2010, DISPL, a member of the Singapore Group, as lessor and DSPL, a member of the Group, as lessee entered into and renewed a lease agreement ("the Old Agreement No. 16") regarding the leasing of a shop space ("the Shop Space") by the Singapore Group to the Group in a shopping mall at #01-05/06, Centrepoint, No. 176 Orchard Road, Singapore with a total retailing area of about 689 sq. ft. for a further period of one year commencing from 1st November, 2010 and ending on 31st October, 2011 which superseded the lease agreement dated 23rd September, 2009 entered into between DISPL as lessor and DSPL as lessee upon its expiry on 31st October, 2010. The monthly rental payable by the Group is S$34,450 (about HK$214,000), to be paid in cash on the first day of each month in advance. The maximum annual cap paid by the Group for the leasing of the Shop Space by the Singapore Group to the Group under the Old Agreement No. 16 for the financial year ended 31st March, 2012, based on the said monthly rental of S$34,450 (about HK$214,000), is S$242,000 (about HK$1,506,000) (seven months). The rental paid by the Group to the Singapore Group in respect of the leasing of the Shop Space by the Singapore Group under the Old Agreement No. 16 during the year was S$241,150 (about HK$1,501,000) (seven months) which was below the maximum annual cap of S$242,000 (about HK$1,506,000) (seven months).

On 23rd September, 2011, the Old Agreement No. 16 was renewed and a new lease agreement ("the Agreement No. 16") was entered into regarding the leasing of the Shop Space by the Singapore Group to the Group for a further period of one year commencing from 1st November, 2011 and ending on 31st October, 2012 which superseded the Old Agreement No. 16 upon its expiry on 31st October, 2011. The monthly rental payable by the Group is S$34,450 (about HK$214,000), to be paid in cash on the first day of each month in advance. The maximum annual caps paid/payable by the Group for the leasing of the Shop Space by the Singapore Group to the Group under the Agreement No. 16 for the financial years ended/ending 31st March, 2012 and 31st March, 2013, based on the said monthly rental of S$34,450 (about HK$214,000), are S$173,000 (about HK$1,077,000) (five months) and S$242,000 (about HK$1,506,000) (seven months) respectively. The rental paid by the Group to the Singapore Group in respect of the leasing of the Shop Space by the Singapore Group under the Agreement No. 16 during the year was S$172,250 (about HK$1,072,000) (five months) which was below the maximum annual cap of S$173,000 (about HK$1,077,000) (five months).

In connection with the above continuing connected transactions, (i) the maximum aggregate annual caps receivable by the Group for the sales of merchandise to the S.T. Dupont Group and the Artland Group under the Renewal Agreements Nos. 1 and 9 for the financial years ending 31st March, 2013, 31st March, 2014 and 31st March, 2015 are HK$33,269,000, HK$42,481,000 and HK$54,304,000 respectively; (ii) the maximum aggregate annual caps payable by the Group for the purchases of merchandise from the ST Dupont Group and the Artland Group under the Renewal Agreements Nos. 2 and 10 for the financial years ending 31st March, 2013, 31st March, 2014 and 31st March, 2015 are HK$21,674,000, HK$26,009,000 and HK$31,211,000 respectively; (iii) the maximum aggregate annual cap paid by the Group for the receipt of the management and/or supporting services from the S.T. Dupont Group and the Singapore Group under the Agreements Nos. 3 and 15 for the financial year ended 31st March, 2012 is HK$1,113,000; (iv) the maximum aggregate annual caps received/receivable by the Group for the provision of management and supporting services and/or interior design services to the S.T. Dupont Group under the Renewal Agreements Nos. 4(a) and 4(b) and 5 for the financial years ended/ending 31st March, 2012, 31st March, 2013, 31st March, 2014 and 31st March, 2015 are HK$13,053,000, HK$20,335,000, HK$24,402,000 and HK$29,282,000 respectively; (v) the maximum aggregate annual cap received by the Group for the extension of the term of the licensing of the sales corners in the PP Seibu Store to the S.T. Dupont Group and the Artland Group under the Letter Agreements Nos. 6 and 11 for the financial year ended 31st March, 2012 is HK$5,297,200; and (vi) the aggregate maximum annual cap receivable by the Group for the licensing of the sales corners in the PP Harvey Nichols Store to the S.T. Dupont Group and the Artland Group respectively under the Agreements Nos. 7 and 12 for the financial year ending 31st March, 2013 is HK$19,659,000.

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

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

In accordance with the requirement of Rule 14A.38 of the Listing Rules, the Company has engaged the independent auditor of the Company to conduct certain procedures in respect of the continuing connected transactions of the Group. The work performed by the independent auditor is in accordance with Hong Kong Standard on Assurance Engagements 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, and with reference to Practice Note 740, *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules*, issued by the Hong Kong Institute of Certified Public Accountants. Based on the results of procedures performed and in accordance with the aforesaid Listing Rules, the independent auditor has provided a letter to the Board confirming that :-

(i) nothing has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board;
(ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
(iii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
(iv) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that the continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the announcements of the Company dated 30th March, 2009, 9th December, 2009, 8th October, 2010, 25th March, 2011, 23rd September, 2011 and 26th March, 2012 in respect of each of the continuing connected transactions.

Director's Interest in Competing Business

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

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

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

Public Float

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

Corporate Governance Practices

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

The Company has applied the principles and complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31st March, 2012. Detailed information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 31 to 40.

Independent Auditor

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

By Order of the Board

Dickson Poon
Group Executive Chairman

Hong Kong, 21st June, 2012

This report describes the Company's corporate governance practices and explains the application of the principles in the Corporate Governance Code ("the CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities ("the Listing Rules") on The Stock Exchange of Hong Kong Limited ("the Stock Exchange") throughout the year ended 31st March, 2012 and includes any significant subsequent events for the period up to the date of this report.

Corporate Governance Practices

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

The Company has applied the principles and complied with all the code provisions of the CG Code throughout the year ended 31st March, 2012.

Directors' Securities Transactions

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

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

Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard as set out in the Directors' Model Code throughout the year ended 31st March, 2012.

Board of Directors

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

Executive Directors

Mr. Dickson Poon *(Group Executive Chairman)*
Mr. Raymond Lee *(Deputy Chairman and Chief Executive Officer)*
Mr. Chan Tsang Wing, Nelson *(Chief Operating Officer)*
Mr. Chan Hon Chung, Johnny Pollux (Appointed on 1st September, 2011)
Mr. Lau Yu Hee, Gary
Mr. Ng Chan Lam

Independent Non-Executive Directors ("INEDs")

Mr. Bhanusak Asvaintra
Mr. Nicholas Peter Etches
Mr. Christopher Patrick Langley, OBE

Mr. Chan Hon Chung, Johnny Pollux was appointed as an Executive Director of the Company with effect from 1st September, 2011 and the same was disclosed in the announcement of the Company dated 29th August, 2011.

The biographical details of the Directors and the relevant relationships among them, if any, are set out in the Report of the Directors on pages 17 and 18.

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

Four regular Board Meetings and an Annual General Meeting were held during the year ended 31st March, 2012. The attendance record of each Director at the said meetings during the year ended 31st March, 2012 is set out below :-

	Number of Meetings Attended/Held	
Directors	**Board Meetings**	**Annual General Meeting**
Executive Directors		
Mr. Dickson Poon *(Group Executive Chairman)*	3/4	0/1
Mr. Raymond Lee *(Deputy Chairman and Chief Executive Officer)*	4/4	0/1
Mr. Chan Tsang Wing, Nelson *(Chief Operating Officer)*	4/4	1/1
Mr. Chan Hon Chung, Johnny Pollux	3/3	N/A
Mr. Lau Yu Hee, Gary	3/4	0/1
Mr. Ng Chan Lam	3/4	1/1
INEDs		
Mr. Bhanusak Asvaintra	4/4	0/1
Mr. Nicholas Peter Etches	3/4	0/1
Mr. Christopher Patrick Langley, OBE	4/4	0/1

The Board is responsible for determining those matters that are to be retained for full Board sanction including, but not limited to, overall strategy and long-term objectives, new business activities, annual budgets, business plans and financial statements, interim and final results announcements, material acquisitions and disposals of assets, investments, capital projects and commitments, annual internal control assessment, major treasury, funding and risk management policies as well as material connected transactions.

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

Corporate Governance Function

The Board is responsible for performing the corporate governance duties and the Terms of Reference of Corporate Governance Functions of the Board was adopted on 26th March, 2012. Given below are the main corporate governance duties which is being performed by the Board :-

(i) to develop and review the Company's policies and practices on corporate governance;

(ii) to review and monitor the Company's corporate governance policies and practices to ensure compliance with legal and regulatory requirements;

(iii) to review the Company's compliance with the CG Code and other related rules and disclosure in the Corporate Governance Report;

(iv) to develop, review and monitor the implementation of the Shareholders' Communication Policy to ensure its effectiveness and make recommendations where appropriate to enhance shareholder relationship with the Company;

(v) to monitor and respond to emerging corporate governance issues and make recommendations where appropriate to further the Company's corporate governance performance; and

(vi) to conform to any requirement and regulation contained in the New Bye-Laws of the Company or imposed from time to time by legislation.

Directors' Responsibilities for Preparing Consolidated Accounts

The Company's Directors acknowledge their responsibilities to prepare consolidated accounts for each half and full financial year which give a true and fair view of the state of affairs of the Company and its subsidiary companies (together "the Group"). The Directors' responsibilities for preparing consolidated accounts are set out in the Independent Auditor's Report on pages 41 and 42. The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue its operational existence for the foreseeable future and thus it is appropriate to adopt the going concern basis in preparing the consolidated accounts.

Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer ("CEO") are separate and are performed by different individuals so as to ensure a clear division between the Chairman's responsibility to manage the Board and the CEO's responsibility to manage the Company's business. Currently, Mr. Dickson Poon is the Group Executive Chairman and Mr. Raymond Lee is the CEO of the Company. A list setting out the respective responsibilities of the Chairman and the CEO has been adopted by the Company. The list has been reviewed periodically by the Audit Committee and the Board.

Independent Non-Executive Directors

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

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

Remuneration Committee

The Remuneration Committee comprises three members and is chaired by Mr. Bhanusak Asvaintra, an INED, with Mr. Nicholas Peter Etches, an INED, and Mr. Raymond Lee, the Deputy Chairman and CEO, as members.

The Terms of Reference of the Remuneration Committee updated on 26th March, 2012 are aligned with the Code Provisions of the CG Code. Given below are the main duties of the Remuneration Committee :-

(i) to recommend to the Board on the Company's policy and structure for all Directors' and senior management's remuneration;

(ii) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(iii) to recommend to the Board on the remuneration packages of individual Executive Directors and senior management;

(iv) to recommend to the Board on the remuneration of Non-Executive Directors;

(v) to review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment; and

(vi) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct.

A Remuneration Committee Meeting was held during the year ended 31st March, 2012. The attendance record of each member at the Remuneration Committee Meeting during the year ended 31st March, 2012 is set out below :-

Remuneration Committee Members	**Number of Meetings Attended/Held**
Mr. Bhanusak Asvaintra *(Chairman)*	1/1
Mr. Nicholas Peter Etches	1/1
Mr. Raymond Lee	1/1

The work performed by the Remuneration Committee for the year ended 31st March, 2012 was in accordance with the Terms of Reference of the Remuneration Committee and is summarised below :-

(i) reviewed the existing remuneration policy (structure and procedure) for all Directors' and senior management's remuneration;

(ii) recommended the salary increment policy of the Group;

(iii) recommended/reviewed performance-based remuneration;

(iv) recommended the amount of Director's fees to be paid to each Executive Director for the year ended 31st March, 2012 and reviewed the amount of Director's fees to be paid to each INED for the year ended 31st March, 2012 for shareholders' approval at the forthcoming Annual General Meeting ("the 2012 AGM") of the shareholders of the Company to be held on 16th August, 2012;

(v) considered the grant of share options to Directors and senior management; and

(vi) ensured the disclosure of details of remuneration payable to Directors and members of senior management in the 2012 Annual Report of the Company.

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

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

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

The amount of remuneration paid to each Director for the year ended 31st March, 2012 is set out in Note 5 on the accounts.

Nomination Committee

The Nomination Committee was established on 26th March, 2012 and comprised three members. It is chaired by Mr. Dickson Poon, the Group Executive Chairman, with Mr. Bhanusak Asvaintra and Mr. Nicholas Peter Etches, both INEDs, as members.

The Company has adopted Terms of Reference of the Nomination Committee on 26th March, 2012 which are aligned with the Code Provisions of the CG Code. Given below are the main duties of the Nomination Committee :-

(i) to determine nomination policy, procedures and criteria for nomination of Directors for the Board's consideration;

(ii) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to implement the Company's corporate strategy;

(iii) to identify and nominate individuals suitably qualified to become additional Directors or to fill casual vacancies of the Board and make recommendations to the Board on the selection of individuals nominated for directorship;

(iv) to assess the independence of INEDs and review the INEDs' annual confirmations on their independence; and

(v) to recommend to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Group Executive Chairman and the CEO.

No Nomination Committee Meeting was held during the year ended 31st March, 2012 but a Nomination Committee Meeting was held on 21st June, 2012 ("the NCM"). The attendance record of each member at the NCM is set out below :-

Nomination Committee Members	Number of Meetings Attended/Held
Mr. Dickson Poon *(Chairman)*	1/1
Mr. Bhanusak Asvaintra	1/1
Mr. Nicholas Peter Etches	1/1

The work performed by the Nomination Committee up to 21st June, 2012 was in accordance with the Terms of Reference of the Nomination Committee and is summarised below :-

(i) reviewed the nomination policy, procedures and criteria for nomination of Directors;

(ii) reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board to implement the Company's corporate strategy;

(iii) assessed the independence of INEDs and reviewed the INEDs' annual confirmations on their independence and considered that each of the INEDs is independent in accordance with the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules; and

(iv) recommended to the Board on the re-appointment of the retiring Directors which they have offered themselves for re-election at the 2012 AGM, reviewed the circular to shareholders regarding, inter alia, re-election of Directors and considered succession planning for Directors, in particular the Group Executive Chairman and the CEO.

Before the establishment of the Nomination Committee, the role and function of such a committee was performed by the Board. Any member of the Board may nominate any suitable person to join the Board if considered necessary. Such nomination must then be approved by the Board. Any Director appointed (i) to fill a casual vacancy shall hold office only until the first general meeting of shareholders after his appointment and be subject to re-election at such meeting; and (ii) as an addition to the existing Board shall hold office until the next following annual general meeting of the shareholders of the Company and shall then be eligible for re-election at such meeting in accordance with the Company's New Bye-Laws.

During the year, the Group Executive Chairman nominated Mr. Chan Hon Chung, Johnny Pollux to be appointed as an Executive Director and an additional member of the Board with effect from 1st September, 2011. The said nomination was approved by the Board at the Board Meeting held on 22nd June, 2011. In accordance with Bye-law 102 of the Company's New Bye-Laws, Mr. Chan shall retire at the 2012 AGM and, being eligible, offers himself for re-election at the said meeting.

Audit Committee

The Audit Committee comprises three members and is chaired by Mr. Nicholas Peter Etches, an INED, with Mr. Bhanusak Asvaintra and Mr. Christopher Patrick Langley, OBE, both INEDs, as members.

The Terms of Reference of the Audit Committee updated on 26th March, 2012 are aligned with the Code Provisions of the CG Code. Given below are the main duties of the Audit Committee :-

(i) to recommend to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to answer any questions of resignation or dismissal of those auditors;

(ii) to monitor the integrity of the Company's financial statements, annual report and accounts and half-year report and to review any significant financial reporting judgments contained therein before submission to the Board, with particular focus on :-

— any changes in accounting policies and practices;
— major judgmental areas;
— significant adjustments resulting from audit;
— the going concern assumptions and any qualifications;
— compliance with accounting standards; and
— compliance with the Listing Rules and legal requirements in relation to financial reporting;

(iii) to review the contents of the representation letter to the external auditor prior to submission to the Board;

(iv) to review the Company's financial controls, internal control and risk management systems;

(v) to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(vi) to ensure co-ordination between the internal and external auditors and to ensure that the internal audit function is adequately resourced, has appropriate standing within the company and to review and monitor its effectiveness; and

(vii) to review the Group's financial accounting policies and practices.

Four Audit Committee Meetings were held during the year ended 31st March, 2012. The attendance record of each member at the Audit Committee Meetings during the year ended 31st March, 2012 is set out below :-

Audit Committee Members	**Number of Meetings Attended/Held**
Mr. Nicholas Peter Etches *(Chairman)*	3/4
Mr. Bhanusak Asvaintra	4/4
Mr. Christopher Patrick Langley, OBE	4/4

The work performed by the Audit Committee for the year ended 31st March, 2012 was in accordance with the Terms of Reference of the Audit Committee and is mainly summarised below :-

(i) reviewed and discussed with KPMG, the Independent Auditor of the Company ("the Independent Auditor"), before submission to the Board the Company's Annual Report and accounts, Interim Report and any significant financial reporting judgments contained therein together with the relevant draft Letters of Representation/Letter of Engagement addressed to/from the Independent Auditor;

(ii) reviewed the announcements of the Company regarding (i) the Group's final results for the year ended 31st March, 2011; and (ii) the Group's interim results for the six months ended 30th September, 2011;

(iii) reviewed the Company's quarterly operating results and financial highlights for the three months ended 30th June, 2011 and nine months ended 31st December, 2011 respectively;

(iv) reviewed the effectiveness of the internal control system of the Group covering material controls for financial, operational, compliance and risk management;

(v) considered the compliance certificates for the year ended 31st March, 2011 received from the heads of business units/departments and countersigned by the Head of Internal Audit Department;

(vi) considered the Corporate Governance Report for the year ended 31st March, 2011 as endorsed by the Head of Internal Audit Department;

(vii) reviewed the quarterly reports from the Head of Internal Audit Department;

(viii) considered the internal and external audit plans for 2012/2013 from the Head of Internal Audit Department and the Independent Auditor respectively;

(ix) reviewed the respective responsibilities of the Group Executive Chairman and the CEO of the Company; and

(x) considered matters relating to the continuing connected transactions with the private group companies.

Auditor's Remuneration

During the year ended 31st March, 2012, the fees charged to the accounts of the Group for the Group's statutory audit services amounted to HK$5,715,000 (2011 : HK$4,929,000), and in addition HK$78,000 (2011 : HK$31,000) for other non-statutory audit services such as advisory services.

Independent Auditor's Reporting Responsibilities

The reporting responsibilities of the Independent Auditor are set out in the Independent Auditor's Report on pages 41 and 42.

Internal Controls

The Board has the overall responsibility for maintaining sound and effective internal controls to safeguard the shareholders' investment and the Group's assets. The Group's internal control systems are designed to provide reasonable assurance that material misstatement or loss can be avoided, and to manage and minimise risks of failure in operational systems.

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

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

A model code for securities transactions by relevant employees ("the Relevant Employees' Model Code") has been adopted by the Company which sets out the securities dealing and confidentiality requirements for compliance by all Relevant Employees (as defined in the Relevant Employees' Model Code) of the Company which is on no less exacting terms than the Directors' Model Code. Amendments will be made to the Relevant Employees' Model Code from time to time in order to conform with any new amendments made to Appendix 10 of the Listing Rules. Among the requirements under the Relevant Employees' Model Code, the Relevant Employees who have knowledge of unpublished price-sensitive information should take extra care and treat such information in the strictest confidence. In addition, the Company will issue memoranda half-yearly and through the head of each business unit/department to remind the Relevant Employees of the Company to observe the said requirements.

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

Shareholders' Rights

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

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

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

Investor Relations and Communication with Shareholders

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

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

By Order of the Board

Dickson Poon
Group Executive Chairman

Hong Kong, 21st June, 2012

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

We have audited the consolidated accounts of Dickson Concepts (International) Limited (the "Company") and its subsidiary companies (together the "Group") set out on pages 43 to 96, which comprise the consolidated and company balance sheets as at 31st March, 2012, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Accounts

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the consolidated accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31st March, 2012 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Hong Kong, 21st June, 2012

DICKSON

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March, 2012

	NOTE	**2012** *HK$'000*	2011 *HK$'000*
Turnover	2	**3,985,304**	3,403,861
Cost of sales		**(1,831,901)**	(1,587,803)
Gross profit		**2,153,403**	1,816,058
Other income	3	**71,268**	204,565
Selling and distribution expenses		**(1,625,670)**	(1,300,061)
Administrative expenses		**(246,609)**	(240,774)
Other operating expenses		**(102,387)**	(82,375)
Operating profit		**250,005**	397,413
Finance costs		**(1,711)**	(957)
Share of profits less losses of associated companies		**3,896**	21,324
Profit before taxation	4	**252,190**	417,780
Taxation	7	**(63,298)**	(70,841)
Profit for the year		**188,892**	346,939
Attributable to :-			
Equity shareholders of the Company	8 & 23	**186,706**	346,835
Non-controlling interests		**2,186**	104
Profit for the year		**188,892**	346,939
Earnings per share (basic and diluted)	10	**50.1 cents**	93.2 cents

The notes on pages 49 to 96 form part of these accounts. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 9.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2012

	2012	2011
	HK$'000	*HK$'000*
Profit for the year	**188,892**	346,939
Other comprehensive income for the year (Note)		
Exchange differences on translation of accounts of overseas subsidiary and associated companies	**14,444**	57,774
Realisation of exchange difference upon disposal of interest in an associated company	**(14,473)**	–
	(29)	57,774
Total comprehensive income for the year	**188,863**	404,713
Attributable to :-		
Equity shareholders of the Company	**186,677**	404,265
Non-controlling interests	**2,186**	448
Total comprehensive income for the year	**188,863**	404,713

Note :-

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

The notes on pages 49 to 96 form part of these accounts.

BALANCE SHEETS

At 31st March, 2012

		The Group		The Company	
		2012	2011	**2012**	2011
	NOTE	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Non-current assets					
Fixed assets	11	**383,912**	253,327	**–**	–
Intangible asset	12	**132,062**	150,928	**–**	–
Goodwill	29(d)	**13,900**	13,900	**–**	–
Subsidiary companies	13	**–**	–	**1,832,818**	1,832,818
Associated companies	14	**48,205**	125,784	**–**	–
Deferred tax assets	21(a)	**10,399**	22,414	**–**	–
Other financial assets	15	**337,902**	346,532	**–**	–
		926,380	912,885	**1,832,818**	1,832,818
Current assets					
Inventories	16	**931,758**	777,585	**–**	–
Debtors, deposits and prepayments	17	**389,045**	380,605	**170**	170
Bills receivable		**437**	477	**–**	–
Tax recoverable	7(c)	**6,467**	3,747	**–**	–
Cash and cash equivalents	18	**937,948**	1,093,495	**16,018**	16,024
		2,265,655	2,255,909	**16,188**	16,194
Current liabilities					
Bank loans	19	**75,002**	54,587	**–**	–
Bills payable		**27,800**	9,884	**–**	–
Creditors and accruals	20	**673,520**	754,445	**176**	204
Taxation	7(c)	**15,958**	12,878	**–**	–
		792,280	831,794	**176**	204
Net current assets		**1,473,375**	1,424,115	**16,012**	15,990
Total assets less current liabilities		**2,399,755**	2,337,000	**1,848,830**	1,848,808
Non-current liabilities					
Deferred tax liabilities	21(a)	**38,995**	32,710	**–**	–
Amount due to a subsidiary company		**–**	–	**937,484**	814,679
Net assets		**2,360,760**	2,304,290	**911,346**	1,034,129
Capital and reserves					
Share capital	22	**111,693**	111,693	**111,693**	111,693
Reserves	23	**2,249,055**	2,185,241	**799,653**	922,436
Total equity attributable to equity shareholders of the Company		**2,360,748**	2,296,934	**911,346**	1,034,129
Non-controlling interests		**12**	7,356	**–**	–
Total equity		**2,360,760**	2,304,290	**911,346**	1,034,129

Approved and authorised for issue by the Board of Directors on 21st June, 2012.

Dickson Poon
Group Executive Chairman

Raymond Lee
Deputy Chairman and Chief Executive Officer

The notes on pages 49 to 96 form part of these accounts.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2012

	Attributable to equity shareholders of the Company					Non-	
	Share capital	**Share premium**	**Exchange reserve**	**Retained profits**	**Total**	**controlling interests**	**Total equity**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
	(Note 22)	(Note 23(a)(i))	(Note 23(a)(ii))				
At 1st April, 2011	**111,693**	**431,200**	**144,520**	**1,609,521**	**2,296,934**	**7,356**	**2,304,290**
Dividends approved / paid in respect of prior year (Note 9(b))	**–**	**–**	**–**	**(74,462)**	**(74,462)**	**–**	**(74,462)**
Dividends declared / paid in respect of the current year (Note 9(a))	**–**	**–**	**–**	**(48,401)**	**(48,401)**	**–**	**(48,401)**
Profit for the year	**–**	**–**	**–**	**186,706**	**186,706**	**2,186**	**188,892**
Other comprehensive income for the year	**–**	**–**	**(29)**	**–**	**(29)**	**–**	**(29)**
Dividend paid to non-controlling interest	**–**	**–**	**–**	**–**	**–**	**(1,750)**	**(1,750)**
Repayment of capital contribution from holder of non-controlling interest	**–**	**–**	**–**	**–**	**–**	**(7,780)**	**(7,780)**
At 31st March, 2012	**111,693**	**431,200**	**144,491**	**1,673,364**	**2,360,748**	**12**	**2,360,760**

The comparative figures for 2011 are set out as follows :-

	Attributable to equity shareholders of the Company					Non-	
	Share capital	Share premium	Exchange reserve	Retained profits	Total	controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 22)	(Note 23(a)(i))	(Note 23(a)(ii))				
At 1st April, 2010	111,693	431,200	87,090	1,445,118	2,075,101	6,908	2,082,009
Dividends approved / paid in respect of prior year (Note 9(b))	–	–	–	(134,032)	(134,032)	–	(134,032)
Dividends declared / paid in respect of the current year (Note 9(a))	–	–	–	(48,400)	(48,400)	–	(48,400)
Profit for the year	–	–	–	346,835	346,835	104	346,939
Other comprehensive income for the year	–	–	57,430	–	57,430	344	57,774
At 31st March, 2011	111,693	431,200	144,520	1,609,521	2,296,934	7,356	2,304,290

The notes on pages 49 to 96 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2012

	2012		2011	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Operating activities				
Profit before taxation	**252,190**		417,780	
Adjustments for :-				
Depreciation	**107,607**		70,596	
Impairment loss on fixed assets	**45,452**		–	
Amortisation of intangible asset	**18,866**		18,865	
Interest income	**(9,960)**		(4,806)	
Interest expenses	**1,711**		957	
Share of profits less losses of associated companies	**(3,896)**		(21,324)	
Loss on disposal of fixed assets	**5,802**		2,975	
Gain on disposal of an associated company	**(36,348)**		–	
Net gains from financial assets designated at fair value through profit or loss	**(22,200)**		(26,357)	
Operating profit before changes in working capital	**359,224**		458,686	
Increase in inventories	**(154,173)**		(54,939)	
Decrease / (increase) in bills receivable	**40**		(209)	
Increase in debtors, deposits and prepayments	**(7,867)**		(42,978)	
Increase in bills payable	**17,916**		3,660	
(Decrease) / increase in creditors and accruals	**(80,925)**		101,336	
Effect of foreign exchange rate changes	**2,365**		28,664	
Cash generated from operations	**136,580**		494,220	
Hong Kong profits tax paid (net)	**(7,286)**		(3,771)	
Overseas tax paid (net)	**(37,676)**		(38,781)	
Net cash generated from operating activities		**91,618**		451,668
Investing activities				
Payment for purchase of fixed assets	**(298,630)**		(130,230)	
Payment for purchase of other financial assets	**(39,013)**		(192,818)	
Proceeds from sale of fixed assets	**9,958**		2,450	
Proceeds from redemption of other financial assets	**38,900**		38,825	
Proceeds from disposal of an associated company	**93,977**		–	
Interest received	**40,327**		26,575	
Dividends received from associated companies	**10,741**		15,714	
Net cash used in investing activities		**(143,740)**		(239,484)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2012

	2012		2011	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financing activities				
Proceeds from new bank loans	**20,542**		39,991	
Interest paid	**(1,711)**		(957)	
Dividends paid	**(122,863)**		(182,432)	
Repayment of capital contribution from holder of non-controlling interest	**(7,780)**		–	
Dividend paid to non-controlling interest	**(1,750)**		–	
Net cash used in financing activities		**(113,562)**		(143,398)
Net (decrease) / increase in cash and cash equivalents		**(165,684)**		68,786
Cash and cash equivalents at 1st April		**1,093,495**		1,003,548
Effect of foreign exchange rate changes		**10,137**		21,161
Cash and cash equivalents at 31st March (Note a)		**937,948**		1,093,495

Note :-

a. Cash and cash equivalents at 31st March

Cash and cash equivalents represent cash at bank and on hand at the end of the year.

The notes on pages 49 to 96 form part of these accounts.

1. *PRINCIPAL ACCOUNTING POLICIES*

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

The HKICPA has issued certain new and revised HKFRSs that are first effective for the current accounting period of the Group and the Company. The adoption of the new and revised HKFRSs has no significant impact to the consolidated accounts of the Group for the years ended 31st March, 2012 and 31st March, 2011 respectively.

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

(a) Basis of preparation of the accounts

The consolidated accounts for the year ended 31st March, 2012 comprise the Company and its subsidary companies (together referred to as "the Group") and the Group's interest in associated companies.

The measurement basis used in the preparation of the accounts is historical cost except the financial assets designated at fair value through profit or loss (Note 1(e)), derivative financial instruments (Note 1(f)), financial guarantees (Note 1(r)(i)) and interest-bearing borrowings (Note 1(m)) which are stated at fair value.

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the accounts and estimates are discussed in Note 29.

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

(b) Subsidiary companies and non-controlling interests

Subsidiary companies are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

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

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

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

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

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

In the Company's balance sheet an investment in a subsidiary company is stated at cost less impairment losses (see Note 1(i)).

(c) Associated companies

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

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

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

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

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

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

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

(d) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in the consolidated profit and loss account as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 1(i)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

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

(e) Other financial assets

The Group's other financial assets represent financial assets designated at fair value through profit or loss.

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

Financial instruments are designated at fair value through profit or loss upon initial recognition when the assets or liabilities are managed, evaluated and reported internally on a fair value basis.

At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividends or interest earned on these investments.

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

(f) Derivative financial instruments

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

(g) Fixed assets and depreciation

Fixed assets are stated at cost less aggregate depreciation and impairment losses (see Note 1(i)).

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

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

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

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the consolidated profit and loss account on the date of retirement or disposal.

Restoration costs are provided for and included in fixed assets and charged to the consolidated profit and loss account on a straight-line basis over the lease terms.

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

(h) Intangible asset

Intangible asset acquired by the Group is stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 1(i)).

Amortisation of intangible asset with a finite useful life is charged to the consolidated profit and loss account on a straight-line basis over the asset's estimated useful life. The intangible asset, being the exclusive distribution rights, with finite useful life is amortised from the date it is available for use and its estimated useful life is 7.6 years. On 31st March, 2010, the remaining useful life of the exclusive distribution rights had been extended from 4 years to 9 years.

(i) Impairment of assets

(i) Impairment of trade and other receivables

Trade and other receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events :-

— significant financial difficulty of the debtor;
— a breach of contract, such as a default or delinquency in interest or principal payments;
— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

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

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

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

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

(i) Impairment of assets *(cont'd)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased :-

— fixed assets;
— intangible asset;
— investments in subsidiary and associated companies; and
— goodwill.

If any such indication exists, the recoverable amount of the asset is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

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

— Recognition of impairment losses

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

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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

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

(i) Impairment of assets *(cont'd)*

(iii) Interim financial reporting and impairment

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

Impairment losses recognised in an interim period in respect of goodwill carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(j) Inventories

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

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

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

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

(k) Leased assets

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

(i) Classification of assets leased to the Group

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

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

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

(k) Leased assets *(cont'd)*

(ii) Operating lease charges

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

(l) Trade and other receivables

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

(m) Interest-bearing borrowings

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

(n) Trade and other payables

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

(o) Cash and cash equivalents

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

(p) Employee benefits

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

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

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

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

(ii) Defined benefit retirement scheme obligations

The Group's net obligation in respect of defined benefit retirement schemes is calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine the present value and the fair value of any scheme assets is deducted. The discount rate is the yield at balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by an independent qualified actuary using the projected unit credit method.

When the benefits of a scheme are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the consolidated profit and loss account on a straight-line basis over the average period until the benefits become vested. If the benefits vest immediately, the expense is recognised immediately in the consolidated profit and loss account.

In calculating the Group's obligation in respect of a scheme, if any cumulative unrecognised actuarial gain or loss exceeds 10 per cent. of the greater of the present value of the defined benefit obligation and the fair value of scheme assets, that portion is recognised in the consolidated profit and loss account over the expected average remaining working lives of the employees participating in the scheme. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation of the Group's net obligation results in a negative amount, the asset recognised is limited to the total of any cumulative unrecognised net actuarial losses and past service costs and the present value of any future refunds from the scheme or reductions in future contributions to the scheme.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(q) Income tax

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

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

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

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

(q) Income tax *(cont'd)*

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

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

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

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

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

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met :-

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either :-

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

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

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

(ii) Other provisions and contingent liabilities

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

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

(s) Revenue recognition

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

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

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

(ii) Interest income

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

(iii) Royalty income

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

(iv) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

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

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange differences are recognised in the consolidated profit and loss account.

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

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations acquired on or after 1st April, 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1st April, 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

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

(u) Borrowing costs

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

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

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

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person :-

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies :-

(i) the entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary company is related to the others);

(ii) one entity is an associated company or joint venture of the other entity (or an associated company or joint venture of a member of a Group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associated company of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

(w) Segment reporting

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

2. *TURNOVER / SEGMENTAL INFORMATION*

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are set out on pages 92 to 96.

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

Business segment

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

Geographical information

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

	2012	2011
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**2,160,633**	1,842,474
China	**709,324**	720,861
Taiwan	**658,845**	556,380
Other territories (Mainly Asia)	**456,502**	284,146
	1,824,671	1,561,387
Total	**3,985,304**	3,403,861

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

	2012	2011
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**408,054**	298,320
China	**51,998**	125,254
Taiwan	**90,866**	77,331
Other territories (Mainly Asia)	**27,161**	43,034
	170,025	245,619
Total	**578,079**	543,939

Information about major customers

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

3. OTHER INCOME

	2012 HK$'000	2011 HK$'000
Gain on disposal of an associated company :-		
Gain on disposal before realisation of exchange reserve	**21,875**	–
Realisation of exchange reserve	**14,473**	–
Gain on disposal after realisation of exchange reserve	**36,348**	–
Interest income	**9,960**	4,806
Loss on disposal of fixed assets	**(5,802)**	(2,975)
Net foreign exchange gain	**8,562**	12,787
Realised and unrealised gains from financial assets designated at fair value through profit or loss :-		
— interest income	**21,757**	17,441
— net fair value gains	**443**	8,916
Other income (Note)	**–**	163,590
	71,268	204,565

Note :-

Other income in prior year represented an amount received by the Group for termination of an apparel and accessories distribution licence.

4. PROFIT BEFORE TAXATION

	2012 HK$'000	2011 HK$'000
Profit before taxation is arrived at after charging / (crediting) :-		
Amortisation of intangible asset (Note 12)	**18,866**	18,865
Auditors' remuneration		
— audit services	**5,715**	4,929
— other services	**78**	31
Cost of inventories (Note 16)	**1,838,701**	1,594,125
Depreciation (Note 11)	**107,607**	70,596
Impairment loss on fixed assets (Note 11)	**45,452**	–
Impairment loss on trade debtors recognised / (written back) (Note 17(b))	**283**	(1,157)
Interest on bank overdrafts and loans repayable within five years	**1,711**	957
Operating lease charges for hire of plant and machinery, and other assets	**1,453**	1,245
Operating lease charges in respect of land and buildings		
— minimum lease payments	**486,404**	453,498
— contingent rent	**198,253**	146,198
Share of associated companies' taxation	**1,098**	5,825
Staff costs	**588,646**	479,530
Including :-		
Contributions to defined contribution retirement schemes	**26,347**	19,888
Expenses recognised in respect of defined benefit retirement schemes (Note 25(a)(v))	**294**	231

5. *DIRECTORS' REMUNERATION*

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows :-

	Directors' fees *HK$'000*	**Salaries, allowances and benefits in kind** *HK$'000*	**Discretionary bonuses** *HK$'000*	**Retirement scheme contributions** *HK$'000*	**2012 Total** *HK$'000*
Executive directors					
Dickson Poon	**10**	**4,787**	**5,000**	**12**	**9,809**
Raymond Lee	**10**	**3,798**	**6,250**	**12**	**10,070**
Chan Tsang Wing, Nelson	**10**	**3,689**	**6,050**	**12**	**9,761**
Chan Hon Chung, Johnny Pollux	**–**	**686**	**1,295**	**7**	**1,988**
Lau Yu Hee, Gary	**10**	**1,872**	**803**	**12**	**2,697**
Ng Chan Lam	**10**	**791**	**550**	**12**	**1,363**
Independent non-executive directors					
Bhanusak Asvaintra	**225**	**–**	**–**	**–**	**225**
Nicholas Peter Etches	**225**	**–**	**–**	**–**	**225**
Christopher Patrick Langley, OBE	**225**	**–**	**–**	**–**	**225**
	725	**15,623**	**19,948**	**67**	**36,363**

	Directors' fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary bonuses *HK$'000*	Retirement scheme contributions *HK$'000*	2011 Total *HK$'000*
Executive directors					
Dickson Poon	10	4,602	5,000	12	9,624
Raymond Lee	10	3,644	5,938	12	9,604
Chan Tsang Wing, Nelson	10	3,547	5,605	12	9,174
Edwin Ing	10	1,542	3,030	10	4,592
Lau Yu Hee, Gary	10	1,768	1,048	12	2,838
Ng Chan Lam	10	760	450	12	1,232
Independent non-executive directors					
Bhanusak Asvaintra	233	–	–	–	233
Nicholas Peter Etches	233	–	–	–	233
Christopher Patrick Langley, OBE	233	–	–	–	233
	759	15,863	21,071	70	37,763

6. *REMUNERATION OF THE FIVE HIGHEST PAID INDIVIDUALS*

Among the five highest paid individuals, three (2011 : four) are directors whose remuneration is disclosed in Note 5. Details of the remuneration of the other two (2011 : one) highest paid individuals are as follows :-

	2012	2011
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**3,480**	1,663
Discretionary bonuses	**4,301**	1,836
Retirement scheme contributions	**24**	12
	7,805	3,511

The remuneration of the two (2011 : one) individuals falls within the following bands :-

	2012	2011
	Number of individuals	*Number of individuals*
HK$3,000,001 – 3,500,000	**1**	–
HK$3,500,001 – 4,000,000	**–**	1
HK$4,000,001 – 4,500,000	**1**	–
	2	1

7. *TAXATION*

(a) Taxation in the consolidated profit and loss account represents :-

	2012	2011
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**10,493**	4,052
Under-provision in respect of prior years	**372**	421
	10,865	4,473
Current tax – Overseas		
Provision for the year	**34,847**	44,113
Over-provision in respect of prior years	**(619)**	(50)
	34,228	44,063
Deferred tax		
Origination and reversal of temporary differences	**18,205**	21,488
Effect on deferred tax balances at 1st April resulting from a change in tax rate	**–**	817
	18,205	22,305
Total income tax expense	**63,298**	70,841

7. *TAXATION* *(cont'd)*

The provision for Hong Kong Profits Tax for 2012 is calculated at 16.5 per cent. (2011 : 16.5 per cent.) of the estimated assessable profits for the year.

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

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

	2012	2011
	HK$'000	*HK$'000*
Profit before taxation	**252,190**	417,780
Notional tax on accounting profit calculated at applicable tax rates	**50,915**	87,729
Tax effect of non-deductible expenses	**20,382**	15,695
Tax effect of non-taxable revenue	**(25,846)**	(42,590)
Tax effect of prior years' tax losses utilised this year	**(5,874)**	(10,311)
Tax effect of temporary differences not recognised	**(2,979)**	(8,472)
Tax effect of unused tax losses not recognised	**26,947**	27,602
Effect on deferred tax balances as at 1st April resulting from a change in tax rate	**–**	817
(Over) / under-provision in prior years	**(247)**	371
Actual tax expenses	**63,298**	70,841

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

8. *PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY*

The consolidated profit attributable to equity shareholders of the Company includes a profit of HK$80,000 (2011 : HK$12,000) which has been dealt with in the accounts of the Company.

9. *DIVIDENDS*

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

	2012	2011
	HK$'000	*HK$'000*
Interim dividend declared and paid of 13.0 cents (2011 : 13.0 cents) per ordinary share	**48,401**	48,400
Final dividend proposed after the balance sheet date of 20.0 cents (2011 : 20.0 cents) per ordinary share	**74,462**	74,462

The final dividend proposed after the balance sheet date have not been recognised as liabilities at the balance sheet date.

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

	2012	2011
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 20.0 cents (2010 : 18.0 cents) per ordinary share	**74,462**	67,016
No special dividend in respect of the previous financial year was approved and paid during the year (for the year ended 31st March, 2010 : 18.0 cents per ordinary share)	**–**	67,016

10. *EARNINGS PER SHARE*

The calculation of basic and diluted earnings per share in the current year is based on the profit attributable to ordinary equity shareholders of the Company of HK$186,706,000 (2011 : HK$346,835,000) and the weighted average number of 372,311,338 ordinary shares (2011 : 372,311,338 ordinary shares) in issue during the year.

11. FIXED ASSETS

The Group :-

	Land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Furniture, fixtures, equipment and others *HK$'000*	Total *HK$'000*
Cost :-				
At 1st April, 2011	108,872	351,005	333,551	793,428
Exchange difference	–	1,525	1,074	2,599
Additions	–	251,933	46,697	298,630
Disposals	–	(120,845)	(90,185)	(211,030)
At 31st March, 2012	108,872	483,618	291,137	883,627
Aggregate depreciation :-				
At 1st April, 2011	38,289	242,638	259,174	540,101
Exchange difference	–	1,029	796	1,825
Charge for the year	2,586	74,233	30,788	107,607
Impairment loss	–	41,991	3,461	45,452
Written back on disposals	–	(110,199)	(85,071)	(195,270)
At 31st March, 2012	40,875	249,692	209,148	499,715
Net book value :-				
At 31st March, 2012	67,997	233,926	81,989	383,912
Cost :-				
At 1st April, 2010	108,872	345,267	298,662	752,801
Exchange difference	–	11,591	3,915	15,506
Additions	–	93,133	37,098	130,231
Disposals	–	(98,986)	(6,124)	(105,110)
At 31st March, 2011	108,872	351,005	333,551	793,428
Aggregate depreciation :-				
At 1st April, 2010	35,703	288,173	236,056	559,932
Exchange difference	–	6,158	3,100	9,258
Charge for the year	2,586	42,508	25,502	70,596
Written back on disposals	–	(94,201)	(5,484)	(99,685)
At 31st March, 2011	38,289	242,638	259,174	540,101
Net book value :-				
At 31st March, 2011	70,583	108,367	74,377	253,327

11. *FIXED ASSETS* *(cont'd)*

Net book value of land and buildings comprises :-

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Long-term leases in Hong Kong	**33,791**	35,288
Medium-term lease in Hong Kong	**34,206**	35,295
	67,997	70,583

During the year ended 31st March, 2012, management performed an impairment assessment on certain fixed assets of the Group's more recent retail store investments in accordance with the accounting policy on impairment of assets. Based on the assessment, impairment loss of HK$45,452,000 was recognised in respect of the respective fixed assets and charged to the consolidated profit and loss account. The recoverable amounts of these fixed assets were determined based on the forecast future cash flows generated from these retail store investments. The pre-tax discount rate used in estimating the recoverable amounts was 8.7 per cent..

12. *INTANGIBLE ASSET*

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Cost :-		
At 1st April and 31st March	**322,607**	322,607
Accumulated amortisation :-		
At 1st April	**171,679**	152,814
Amortisation for the year	**18,866**	18,865
At 31st March	**190,545**	171,679
Net book value :-		
At 31st March	**132,062**	150,928

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

The amortisation charge for the year is included in "Administrative expenses" in the consolidated profit and loss account.

13. SUBSIDIARY COMPANIES

	The Company	
	2012	2011
	HK$'000	*HK$'000*
Unlisted shares, at cost	**1,863,753**	1,863,753
Less : impairment loss	**(30,935)**	(30,935)
	1,832,818	1,832,818

Particulars of principal subsidiary companies are set out on pages 92 to 96.

14. ASSOCIATED COMPANIES

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Share of net assets	**54,955**	132,534
Amount due to an associated company	**(6,750)**	(6,750)
	48,205	125,784

During the year, the Group disposed of its entire equity interest in an associated company to the joint venture partner for a consideration of HK$93,977,000 and a gain on disposal of an associated company of HK$36,348,000 was recognised in the consolidated profit and loss account.

Summary financial information on associated companies

	Assets	Liabilities	Equity	Revenues	Profit / (loss)
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
2012					
100 per cent.	**285,763**	**162,359**	**123,404**	**751,934**	**8,737**
Group's effective interest	**127,141**	**72,186**	**54,955**	**337,570**	**3,896**
2011					
100 per cent.	524,855	245,021	279,834	696,454	47,537
Group's effective interest	242,900	110,366	132,534	315,913	21,324

Particulars of principal associated companies are set out on pages 92 to 96.

15. *OTHER FINANCIAL ASSETS*

Other financial assets comprise debt securities issued by corporations and are classified as financial assets designated at fair value through profit or loss. The debt securities, which are listed, bear fixed or variable interest rates and are denominated in United States dollars. All of the debt securities held by the Group are also traded over the counter.

16. *INVENTORIES*

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Inventories comprise :-		
Finished goods	**920,017**	756,005
Raw materials	**11,741**	21,580
	931,758	777,585

The analysis of the amount of inventories recognised as an expense is as follows :-

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**1,831,901**	1,587,803
Write-down of inventories	**6,800**	6,322
	1,838,701	1,594,125

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

17. DEBTORS, DEPOSITS AND PREPAYMENTS

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Trade debtors	**143,905**	140,461
Less : allowance for doubtful debts (Note 17(b))	**(15,739)**	(15,370)
	128,166	125,091
Amounts due from associated companies	**3,991**	12,929
Other debtors	**256,888**	242,585
	389,045	380,605

All debtors, deposits and prepayments of the Group, apart from certain rental deposits totalling HK$129,883,000 (2011 : HK$138,923,000), are expected to be recovered or recognised as an expense within one year.

(a) Ageing analysis

Included in debtors, deposits and prepayments are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as at the balance sheet date :-

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Current	**125,722**	119,629
1 to 30 days overdue	**1,422**	3,360
31 to 60 days overdue	**248**	431
Over 60 days overdue	**774**	1,671
Amounts overdue	**2,444**	5,462
	128,166	125,091

Trade debtors are due within 30 to 90 days from the date of billing. Further details on the Group's credit policy are set out in Note 28(a).

17. DEBTORS, DEPOSITS AND PREPAYMENTS *(cont'd)*

(b) Impairment of trade debtors

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

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

	The Group	
	2012	2011
	HK$'000	*HK$'000*
At 1st April	**15,370**	24,781
Exchange difference	**86**	442
Impairment loss recognised / (written back)	**283**	(1,157)
Uncollectible amounts written off	**–**	(8,696)
At 31st March	**15,739**	15,370

At 31st March, 2012, the Group's trade debtors of HK$15,739,000 (2011 : HK$15,370,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that none or only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of HK$15,739,000 (2011 : HK$15,370,000) were recognised. The Group does not hold any collateral over these balances.

(c) Trade debtors that are not impaired

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

	The Group	
	2012	2011
	HK$'000	*HK$'000*
1 to 30 days overdue	**1,422**	3,360
31 to 60 days overdue	**248**	431
Over 60 days overdue	**774**	1,671
	2,444	5,462

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

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

18. CASH AND CASH EQUIVALENTS

The effective deposit interest rates at the balance sheet date for the Group and the Company are 0.99 per cent. (2011 : 0.67 per cent.) and Nil (2011 : Nil) respectively. Their refixing dates are all within one year.

19. BANK LOANS

The bank loans are unsecured and repayable within one year.

The effective borrowing interest rate at the balance sheet date for the Group is 2.77 per cent. (2011 : 2.19 per cent.) and its refixing date is within one year.

20. CREDITORS AND ACCRUALS

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Trade creditors	**208,220**	206,403
Amount due to an associated company	**–**	47
Other creditors and accruals	**465,300**	547,995
	673,520	754,445

Included in creditors and accruals are trade creditors with the following ageing analysis as at the balance sheet date :-

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Current	**194,927**	193,927
1 to 30 days overdue	**11,384**	5,609
31 to 60 days overdue	**1,176**	5,381
Over 60 days overdue	**733**	1,486
	208,220	206,403

21. *DEFERRED TAXATION*

(a) Net deferred tax (assets) / liabilities recognised in the consolidated balance sheet :-

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Deferred tax assets	**(10,399)**	(22,414)
Deferred tax liabilities	**38,995**	32,710
	28,596	10,296

The Group :-

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

Deferred tax arising from :-	**Depreciation allowances in excess of the related depreciation** ***HK$'000***	**Future benefit of tax losses** ***HK$'000***	**Undistributed profits of subsidiary and associated companies** ***HK$'000***	**Other temporary differences** ***HK$'000***	**Total** ***HK$'000***
At 1st April, 2011	(6,959)	(7,997)	30,451	(5,199)	10,296
Exchange difference	17	50	–	28	95
Charged / (credited) to the consolidated profit and loss account	7,602	7,718	6,164	(3,279)	18,205
At 31st March, 2012	660	(229)	36,615	(8,450)	28,596
At 1st April, 2010	(7,301)	(11,282)	9,669	(2,526)	(11,440)
Exchange difference	(44)	(208)	–	(317)	(569)
Effect on deferred tax balances as at 1st April resulting from a change in tax rate	–	409	–	408	817
Charged / (credited) to the consolidated profit and loss account	386	3,084	20,782	(2,764)	21,488
At 31st March, 2011	(6,959)	(7,997)	30,451	(5,199)	10,296

21. DEFERRED TAXATION *(cont'd)*

(b) Deferred tax assets not recognised

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

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Deductible temporary differences	**2,013**	9,092
Future benefit of tax losses	**190,914**	190,374
	192,927	199,466

The Group has not recognised deferred tax assets in respect of tax losses of certain subsidiary companies as it is not probable that the subsidiary companies will generate sufficient future taxable profits against which the accumulated tax losses may be offset in the foreseeable future. HK$97,268,000 (2011 : HK$89,178,000) future benefit of tax losses will expire within a range of 1 to 6 years from 1st April, 2012. The remaining balance of tax losses has no expiry date under current tax legislation.

(c) Deferred tax liabilities not recognised

At 31st March, 2012, temporary differences relating to the undistributed profits of a subsidiary company amounted to HK$235,560,000 (2011 : HK$226,165,000). Deferred tax liabilities of HK$22,833,000 (2011 : HK$21,766,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of this subsidiary company and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

22. SHARE CAPITAL

	2012		2011	
	Number of shares	**Nominal value**	Number of shares	Nominal value
	Thousands	***HK$'000***	*Thousands*	*HK$'000*
Authorised :-				
Ordinary shares of HK$0.30 each	**518,000**	**155,400**	518,000	155,400
Issued and fully paid :-				
Ordinary shares of HK$0.30 each				
Balance brought forward and carried forward	**372,311**	**111,693**	372,311	111,693

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

22. SHARE CAPITAL *(cont'd)*

Notes :-

At no time during the year ended 31st March, 2012 was there any purchase, sale or redemption by the Company, or any of its subsidiary companies, of the Company's shares.

On 26th August, 2003 ("the Adoption Date"), the Company adopted a share option scheme ("the Scheme"). Pursuant to the Scheme, the board of directors ("the Board") may offer to grant an option to any current employee (including executive directors, non-executive directors and independent non-executive directors) of the Company and / or any of its subsidiary companies ("the Participant") to subscribe for shares of the Company. The Scheme serves to recognise the contribution of the employees to the growth of the Group and to provide incentives for their contribution to the future success of the Group.

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

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

An option may be exercised at any time during such option period as the Board may in its absolute discretion determine, save that such period shall not expire later than 10 years after the date of grant of the option. The Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, i.e. until 25th August, 2013.

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

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

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

(a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of grant of the option;

(b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and

(c) the nominal value of the shares.

As at 31st March, 2012, no share options were granted to any of the directors or employees of the Company or any of its subsidiary companies under the Scheme.

23. *CAPITAL AND RESERVES*

The Group

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity on page 46.

The Company

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

	Share capital *HK$'000*	**Share premium** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*
At 1st April, 2011	111,693	431,200	491,236	1,034,129
Dividends approved / paid in respect of prior year (Note 9(b))	–	–	(74,462)	(74,462)
Dividends declared / paid in respect of the current year (Note 9(a))	–	–	(48,401)	(48,401)
Profit for the year	–	–	80	80
At 31st March, 2012	111,693	431,200	368,453	911,346
At 1st April, 2010	111,693	431,200	673,656	1,216,549
Dividends approved / paid in respect of prior year (Note 9(b))	–	–	(134,032)	(134,032)
Dividends declared / paid in respect of the current year (Note 9(a))	–	–	(48,400)	(48,400)
Profit for the year	–	–	12	12
At 31st March, 2011	111,693	431,200	491,236	1,034,129

(a) Nature and purpose of reserves

(i) Share premium

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

(ii) Exchange reserve

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

(b) Distributability of reserves

The distributable reserves of the Company at 31st March, 2012 amounted to HK$368,453,000 (2011 : HK$491,236,000).

23. *CAPITAL AND RESERVES (cont'd)*

(c) Capital management

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

The Group's strategy is to maintain a prudent gearing ratio and a solid base to support the operations and development of its business in the long term. No changes were made in the objectives, policies or processes during the years ended 31st March, 2012 and 31st March, 2011 respectively.

At 31st March, 2012, the Group had bank loans amounting to HK$75,002,000 (2011 : HK$54,587,000). The gearing ratio, being total bank borrowings net of cash balances as a percentage of consolidated capital and reserves is Nil (as at 31st March, 2011 : Nil).

The Group's capital structure is as follows :-

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Total equity	**2,360,760**	2,304,290

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

24. *MATERIAL RELATED PARTY TRANSACTIONS*

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

(a) Transactions with associated companies :-

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Sales of goods	**–**	23,837
Purchases of goods	**20,502**	11,555
Income from the provision of management and supporting service	**251**	239
Rental expenses	**1,252**	3,151

There were no amount due from / to these associated companies at 31st March, 2012 (2011 : amounts due from / to these associated companies amounted to HK$3,964,000 and HK$47,000 respectively). The amounts due from / to these associated companies are interest free, unsecured and have repayment terms ranging from 20 days to 60 days.

24. MATERIAL RELATED PARTY TRANSACTIONS *(cont'd)*

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

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Sales of goods	**21,994**	29,724
Purchases of goods	**23,155**	13,676
Management and supporting service expenses	**391**	403
Income from the provision of management and supporting service	**12,102**	9,502
Rental expenses	**2,573**	2,431
Rental income	**10,311**	8,689
Advertising and promotion service expenses	**10,106**	9,987
Commission expenses	**30,235**	26,208

The amount due from these companies at 31st March, 2012 amounted to HK$13,314,000 (2011 : HK$12,665,000) and the amount due to these companies at 31st March, 2012 amounted to HK$18,904,000 (2011 : HK$50,762,000), which are interest free, unsecured and have repayment terms ranging from 20 days to 90 days.

25. EMPLOYEE RETIREMENT BENEFITS

(a) Defined benefit retirement schemes

The Group makes contributions to three defined benefit retirement schemes which cover about 2.5 per cent. of the Group's employees. The schemes are administered by independent trustees with their assets held separately from those of the Group.

The schemes are funded by contributions from the Group in accordance with an independent actuary's recommendations based on annual actuarial valuations. The latest independent actuarial valuations of the schemes were at 31st March, 2012 and were prepared by Dr. Magic Lin, Actuary, EA, A.S.A., FAIRC, Ph.D., using the projected unit credit method. The actuarial valuations indicate that the Group's obligations under the defined benefit retirement schemes are 82.5 per cent. (2011 : 85.1 per cent.) covered by the scheme assets held by the trustees.

(i) The amount recognised in the consolidated balance sheet is as follows :-

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Present value of funded obligations	**(15,945)**	(15,244)
Fair value of scheme assets	**13,150**	12,980
Unrecognised actuarial losses	**943**	566
	(1,852)	(1,698)

25. *EMPLOYEE RETIREMENT BENEFITS* *(cont'd)*

(a) Defined benefit retirement schemes *(cont'd)*

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions. The Group expects to pay HK$117,000 in contributions to defined benefit retirement schemes in the next year.

(ii) Scheme assets consist of the following :-

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Deposits with financial institutions	**3,064**	3,808
Stocks	**1,260**	1,020
Short term bills	**1,216**	1,328
Bonds	**1,491**	1,367
Others	**6,119**	5,457
	13,150	12,980

(iii) Movements in the present value of the defined benefit obligations :-

	The Group	
	2012	2011
	HK$'000	*HK$'000*
At 1st April	**15,244**	12,837
Current service cost	**239**	206
Interest cost	**304**	266
Actuarial losses	**248**	795
Exchange difference	**(90)**	1,140
At 31st March	**15,945**	15,244

25. *EMPLOYEE RETIREMENT BENEFITS* *(cont'd)*

(a) Defined benefit retirement schemes *(cont'd)*

(iv) Movements in scheme assets :-

	The Group	
	2012	2011
	HK$'000	*HK$'000*
At 1st April	**12,980**	11,734
Group's contributions paid to the schemes	**130**	126
Actuarial expected return on scheme assets	**259**	243
Actuarial losses	**(144)**	(123)
Exchange difference	**(75)**	1,000
At 31st March	**13,150**	12,980

(v) Expense recognised in the consolidated profit and loss account is as follows :-

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Current service cost	**239**	206
Interest cost	**304**	266
Actuarial expected return on scheme assets	**(259)**	(243)
Net actuarial losses recognised	**10**	2
	294	231

The expense is recognised in the following line items in the consolidated profit and loss account :-

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Selling and distribution expenses	**183**	96
Administrative expenses	**111**	135
	294	231
Actual return on scheme assets	**115**	121

25. EMPLOYEE RETIREMENT BENEFITS *(cont'd)*

(a) Defined benefit retirement schemes *(cont'd)*

(vi) The principal actuarial assumptions used as at 31st March, 2012 are as follows :-

	The Group	
	2012	2011
Discount rate	**1.70%**	2.00%
Expected rate of return on scheme assets	**1.70%**	2.00%
Future salary increase	**3.33%**	3.33%

The expected long-term rate of return on scheme assets is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

Historical information

	The Group				
	2012	2011	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Present value of the defined benefit obligations	**(15,945)**	(15,244)	(12,837)	(12,869)	(14,719)
Fair value of scheme assets	**13,150**	12,980	11,734	10,841	11,527
Deficit in the scheme	**(2,795)**	(2,264)	(1,103)	(2,028)	(3,192)
Experience adjustments arising on scheme liabilities	**248**	795	2,590	(1,029)	2,065
Experience adjustments arising on scheme assets	**(144)**	(123)	73	(51)	85

(b) Defined contribution retirement scheme

The Group also operates a Mandatory Provident Fund Scheme ("the MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement scheme. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5 per cent. of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the scheme vest immediately.

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

26. COMMITMENTS

(a) Capital commitments outstanding at 31st March, 2012 not provided for in the accounts were as follows :-

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Contracted for	**30,990**	31,217	**–**	–
Authorised but not contracted for	**5,385**	3,619	**–**	–
	36,375	34,836	**–**	–

(b) At 31st March, 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows :-

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**532,538**	430,081	**–**	–
After one year but within five years	**1,058,837**	934,754	**–**	–
After five years	**283,638**	414,567	**–**	–
	1,875,013	1,779,402	**–**	–

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

27. *CONTINGENT LIABILITIES*

At 31st March, 2012, the Company had the following contingent liabilities in respect of :-

(a) Guarantees of HK$1,097,677,000 (2011 : HK$1,017,271,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK$227,856,000 (2011 : HK$169,631,000) at the balance sheet date.

(b) Guarantees given to licensors to guarantee the performance by certain subsidiary companies of obligations under certain agreements. The amount due under the agreements was HK$8,077,000 (2011 : HK$11,655,000) at the balance sheet date.

As at the balance sheet date, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. No provision was therefore made in this respect at 31st March, 2012 and 31st March, 2011 respectively.

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

28. *FINANCIAL RISK MANAGEMENT*

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

(a) Credit risk

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

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

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

For trade and other receivables, credit checks are part of the normal operating process and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group reviews the recoverable amounts of trade and other receivables at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. Sales to retail customers are made in cash or via major credit cards.

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

Further quantitative disclosure in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 17.

28. *FINANCIAL RISK MANAGEMENT* *(cont'd)*

(b) Liquidity risk

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

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

The Group

	Carrying amount *HK$'000*	**Total contractual undiscounted cashflow** *HK$'000*	**Within one year or on demand** *HK$'000*	**More than one year but less than five years** *HK$'000*	**More than five years** *HK$'000*
2012					
Creditors and accruals	**673,520**	**673,520**	**623,719**	**36,916**	**12,885**
Bills payable	**27,800**	**27,800**	**27,800**	**–**	**–**
Amount due to an associated company	**6,750**	**6,750**	**6,750**	**–**	**–**
Bank loans	**75,002**	**75,600**	**75,600**	**–**	**–**
	783,072	**783,670**	**733,869**	**36,916**	**12,885**
2011					
Creditors and accruals	754,445	754,445	735,047	19,398	–
Bills payable	9,884	9,884	9,884	–	–
Amount due to an associated company	6,750	6,750	6,750	–	–
Bank loans	54,587	54,836	54,836	–	–
	825,666	825,915	806,517	19,398	–

28. *FINANCIAL RISK MANAGEMENT* *(cont'd)*

(b) Liquidity risk *(cont'd)*

The Company

	Carrying amount *HK$'000*	**Total contractual undiscounted cashflow** *HK$'000*	**Within one year or on demand** *HK$'000*	**More than one year but less than five years** *HK$'000*	**More than five years** *HK$'000*
2012					
Creditors and accruals	**176**	**176**	**176**	**–**	**–**
Amount due to a subsidiary company	**937,484**	**937,484**	**937,484**	**–**	**–**
	937,660	**937,660**	**937,660**	**–**	**–**
Financial guarantees issued :-					
Maximum amount guaranteed (Note 27)	**–**	**235,933**	**235,933**	**–**	**–**
2011					
Creditors and accruals	204	204	204	–	–
Amount due to a subsidiary company	814,679	814,679	814,679	–	–
	814,883	814,883	814,883	–	–
Financial guarantees issued :-					
Maximum amount guaranteed (Note 27)	–	181,286	181,286	–	–

(c) Interest rate risk

Except for the short-term bank borrowings of HK$75,002,000 (2011 : HK$54,587,000) held at effective interest rate of 2.77 per cent. (2011 : 2.19 per cent.), the Group has no significant interest bearing liabilities. The short-term bank borrowings at floating rate expose the Group to cash flow interest rate risk which is insignificant to the Group. The Group's exposure to changes in interest rates also relates to bank deposits and debt securities and the Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulting from changes in interest rates.

28. *FINANCIAL RISK MANAGEMENT* *(cont'd)*

(d) Foreign exchange risk

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

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

To manage foreign exchange risk arising from commercial transactions, recognised assets and liabilities, companies in the Group may use forward foreign exchange contracts when major fluctuation in the relevant foreign currency is anticipated. There were no outstanding forward contracts as at 31st March, 2012 (2011 : Nil).

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

(e) Price risk

The fair value of the financial assets designated at fair value through profit or loss is determined using quoted market price (unadjusted) in an active market for an identical instrument, which is categorised as level 1 under the fair value hierarchy pursuant to HKFRS 7, *Financial instruments : Disclosures*. During the year, there were no transfer among investments in level 1, level 2 and level 3.

At 31st March, 2012, it is estimated that an increase / decrease of 1 per cent. (2011 : 1 per cent.) in the relevant quoted market prices, with all other variables held constant, would have increased / decreased the Group's profit after tax (and retained profits) by approximately HK$3,379,000 (2011 : HK$3,465,000).

29. *ACCOUNTING ESTIMATES AND JUDGEMENTS*

Notes 25 and 28 contain information about the assumptions and their risk factors relating to defined benefit retirement scheme obligations and financial risk management. Other estimates and judgements are discussed below :-

(a) Recognition of deferred tax assets

As explained in Note 21, the Group recognises deferred tax assets in respect of tax losses based on the management's estimation of future taxable profits against which the accumulated tax losses may be offset in the foreseeable future for each individual subsidiary company. It is possible that certain assumptions adopted in the preparation of the profit forecasts for these operations may not be indicative of future taxable profits against which the accumulated tax losses may be offset. Any increase or decrease in the provision for deferred taxation would affect the Group's net asset value.

(b) Depreciation

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

(c) Inventories

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

(d) Assessment of impairment of goodwill

In accordance with HKAS 36, *Impairment of assets*, the Group completes an annual impairment test for goodwill allocated to the Group's cash-generating unit by comparing its recoverable amount to its carrying amount as at the balance sheet date. The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. The calculation uses cash flow projections based on a one-year financial budget approved by management and extrapolated to cover a period of not less than five years with an estimated general annual growth of 10 per cent.. The discount rate used of 8.7 per cent. is pre-tax and reflects specific risk related to the relevant cash-generating unit. The budgeted gross margin and net profit margin are determined by the management for the cash-generating unit based on past performance and the expectations for market development. Management believes that any reasonably foreseeable change in any of the above key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount.

(e) Assessment of impairment of other non-current assets (excluding goodwill)

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

30. *POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST MARCH, 2012*

Up to the date of issue of these accounts, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31st March, 2012 and which have not been adopted in these accounts.

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the accounts :-

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, Presentation of financial statements	1st July, 2012
HKFRS 10, Consolidated financial statements	1st January, 2013
HKAS 27 (2011), Separate financial statements	1st January, 2013
HKAS 28 (2011), Investments in associates and joint ventures	1st January, 2013
HKFRS 9, Financial instruments	1st January, 2013
HKFRS 12, Disclosure of interests in other entities	1st January, 2013
HKFRS 13, Fair value measurement	1st January, 2013
Revised HKAS 19, Employee benefits	1st January, 2013

PRINCIPAL SUBSIDIARY AND ASSOCIATED COMPANIES

At 31st March, 2012

Name	Issued share capital/Registered capital	Effective percentage shareholding Directly	Effective percentage shareholding Indirectly	Principal activities	Place of incorporation/ operation
PRINCIPAL SUBSIDIARY COMPANIES :-					
Ambrose China Limited	US$1	–	100	Sale of watches, leather goods and fashion products	British Virgin Islands/ Hong Kong
Bertolucci Retail Limited	HK$2	–	100	Sale of watches	Hong Kong
* Bertolucci SA	CHF4,700,000	–	100	Sale of watches	Switzerland
Bestway Holdings Limited	HK$2	–	100	Investment holding	Hong Kong
Bondwood Investments Limited	HK$2	–	100	Sale of leather goods and fashion products	Hong Kong
Castlereagh Limited	US$2	100	–	Investment holding	British Virgin Islands
China Tone Limited	HK$1	–	100	Sale of fashion products	Hong Kong
* D Marketing Japan K.K.	YEN35,000,000	–	100	Sale of watches, lighters and pens	Japan
Dickson Concepts Limited	HK$1,000	–	100	Investment holding and provision of management and technical advisory services	Hong Kong
Dickson Concepts (Retail) Limited	HK$2	–	100	Sale of watches and fashion products	Hong Kong
Dickson Concepts (Wholesale) Limited	HK$10,000	–	100	Sale of watches and fashion products	Hong Kong
Dickson Express Company Limited	HK$2	–	100	Sale of fashion products	Hong Kong
Dickson Interior Design Limited	HK$2	–	100	Provision of interior design services	Hong Kong
Dickson Investments (H.K.) Limited	HK$2	–	100	Sale of luxury tableware	Hong Kong

Name	Issued share capital/Registered capital	Effective percentage shareholding Directly	Effective percentage shareholding Indirectly	Principal activities	Place of incorporation/ operation
PRINCIPAL SUBSIDIARY COMPANIES *(cont'd)* **:-**					
* Dickson Licensing Limited	US$1	100	–	Trademarks agency	British Virgin Islands
* Dickson Macau Limited	MOP25,000	–	100	Sale of fashion products	Macau
* Dickson RTW (Shanghai) Limited	HK$10,000,000	–	100 foreign-owned enterprise	Sales of fashion products	China
* Dickson (Shanghai) Company Limited	US$200,000	–	100 foreign-owned enterprise	Sale of watches and fashion products	China
Dickson Stores Pte Ltd	S$700,000	–	100	Sale of watches and fashion products	Singapore
Dickson Trading (Asia) Company Limited	HK$500,000	–	100	Sale of fashion products	Hong Kong/ Taiwan
Dickson Warehousing Limited	HK$2	–	100	Operation of warehouses	Hong Kong
* Ever Success Consultancy (Shenzhen) Limited	HK$1,000,000	–	100 foreign-owned enterprise	Provision of management consultancy and professional services	China
Ever Success Management Limited	HK$2	–	100	Provision of management consultancy and professional services	Hong Kong
* Full Kingdom Interior Design Consultancy (Shanghai) Limited	HK$1,680,000	–	100 foreign-owned enterprise	Provision of interior design services	China
Full Kingdom Limited	HK$2	–	100	Sale of fashion products and investment holding	Hong Kong

Name	Issued share capital/Registered capital	Effective percentage shareholding Directly	Effective percentage shareholding Indirectly	Principal activities	Place of incorporation/ operation
PRINCIPAL SUBSIDIARY COMPANIES *(cont'd)* **:-**					
Harmonious Time Limited	HK$2	–	100	Investment holding	Hong Kong
Harvey Nichols (Hong Kong) Limited	HK$2	–	100	Operation of Harvey Nichols stores and sale of fashion products	Hong Kong
Hong Kong Seibu Enterprise Company Limited	HK$392,000,000	–	100	Operation of and investment in Seibu stores	Hong Kong
Hong Kong Seibu Investment Co., Limited	HK$1,000,000	–	100	Investment in a Seibu store	Hong Kong
Hong Kong Stores Co. Ltd.	US$10	100	–	Sale of fashion jewellery products	British Virgin Islands/ Hong Kong
Hong Kong Stores (LP) Limited	HK$20	–	100	Sale of fashion products	Hong Kong
Ining Investments Limited	HK$10	–	90	Investment holding	Hong Kong
* Leading Way Apparel Shanghai Limited	US$200,000	–	100 foreign-owned enterprise	Sale of watches, leather goods and fashion products	China
Mighty Achievements Investments Limited	HK$2	–	100	Property investment	Hong Kong
Mighty Leader Limited	HK$2	–	100	Arrangement of property tenancy agreements	Hong Kong
Pui Chak Enterprises Limited	HK$24,000	–	100	Property investment	Hong Kong
* Raglan Resources Limited	US$1	–	100	Investment holding	British Virgin Islands
* Shenzhen Dickson Retail Limited	HK$3,500,000	–	100 foreign-owned enterprise	Sale of fashion products	China

Name	Issued share capital/Registered capital	Effective percentage shareholding Directly	Effective percentage shareholding Indirectly	Principal activities	Place of incorporation/ operation
PRINCIPAL SUBSIDIARY COMPANIES *(cont'd)* **:-**					
Sinotop Development Limited	HK$100	–	100	Sale of hair accessories	Hong Kong
The Dickson Shop Limited	HK$1,000,000	–	100	Investment holding	Hong Kong
The Dickson Shop Sdn. Bhd.	RM3	–	100	Sale of fashion products	Malaysia
The Dickson Trading (Taiwan) Co., Ltd.	NTD200,000,000	–	100	Sale of watches and fashion products	Taiwan
* Tommy Hilfiger Apparel (Shanghai) Limited	US$300,000	–	100 foreign-owned enterprise	Sale of fashion products	China
Tommy Hilfiger Asia-Pacific Limited	US$2	–	100	Sale of fashion products	British Virgin Islands/ Taiwan
Tommy Hilfiger Marketing Limited	HK$5,000,000	–	100	Sale of fashion products	Hong Kong
Top Creation Limited	HK$2	–	100	Sale of fashion products	Hong Kong
Top Strength Ventures Limited	US$1	–	100	Sale of fashion products	British Virgin Islands/ Hong Kong
* 联彩国际贸易 (深圳) 有限公司	RMB1,000,000	–	100 foreign-owned enterprise	Provision of import services	China
* 沈阳瑞泰丰商贸有限公司	HK$3,500,000	–	100 foreign-owned enterprise	Sale of watches	China

Name	Issued share capital/Registered capital	Effective percentage shareholding Directly	Effective percentage shareholding Indirectly	Principal activities	Place of incorporation/ operation
PRINCIPAL ASSOCIATED COMPANIES :-					
* Chopard Hong Kong Distribution Limited	HK$30,000,000	–	45	Sale of watches	Hong Kong
* Shenzhen Seibu Department Store Co., Ltd.	HK$25,500,000	–	44 Chinese-foreign equity joint venture	Operation of a Seibu store	China

All the issued share capital of the above principal subsidiary and associated companies consist of ordinary shares.

* Companies not audited by KPMG

FIVE YEAR GROUP FINANCIAL SUMMARY

	2012	2011	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CONSOLIDATED PROFIT AND LOSS ACCOUNT					
Turnover	**3,985,304**	3,403,861	3,633,639	3,838,693	3,749,809
Profit before taxation	**252,190**	417,780	372,833	100,716	237,630
Taxation	**(63,298)**	(70,841)	(69,099)	(48,899)	(26,981)
Profit for the year	**188,892**	346,939	303,734	51,817	210,649
Attributable to :-					
Equity shareholders of the Company	**186,706**	346,835	304,219	51,374	210,576
Non-controlling interests	**2,186**	104	(485)	443	73
Profit for the year	**188,892**	346,939	303,734	51,817	210,649
CONSOLIDATED BALANCE SHEET					
Fixed assets	**383,912**	253,327	192,869	203,061	411,284
Intangible asset	**132,062**	150,928	169,793	212,241	254,690
Goodwill	**13,900**	13,900	13,900	13,900	13,900
Associated companies	**48,205**	125,784	115,426	101,931	99,043
Deferred tax assets	**10,399**	22,414	23,256	52,106	55,781
Other financial assets	**337,902**	346,532	192,081	–	–
Net current assets	**1,473,375**	1,424,115	1,386,500	1,282,875	1,161,510
Total assets less current liabilities	**2,399,755**	2,337,000	2,093,825	1,866,114	1,996,208
Deferred tax liabilities	**38,995**	32,710	11,816	4,463	6,176
Net assets	**2,360,760**	2,304,290	2,082,009	1,861,651	1,990,032
Share capital	**111,693**	111,693	111,693	111,693	111,693
Reserves	**2,249,055**	2,185,241	1,963,408	1,742,586	1,871,573
Total equity attributable to equity shareholders of the Company	**2,360,748**	2,296,934	2,075,101	1,854,279	1,983,266
Non-controlling interests	**12**	7,356	6,908	7,372	6,766
Total equity	**2,360,760**	2,304,290	2,082,009	1,861,651	1,990,032
OTHER FINANCIAL DATA					
Earnings per share (cents)	**50.1**	93.2	81.7	13.8	62.2
Dividend per share (cents)	**33.0**	33.0	49.0	29.0	41.3
Dividend cover	**1.5**	2.8	1.7	0.5	1.5

Various boutiques / store recently opened by the Group.
本集團於近期新開設的精品店/店鋪。

Harvey Nichols Asian flagship store at Pacific Place, Hong Kong.
位於香港太古廣場的「Harvey Nichols」亞洲旗艦店。

Dreams corner at Harvey Nichols store, Pacific Place, Hong Kong.
位於香港太古廣場「Harvey Nichols」店內的「Dreams」專櫃。

Alviero Martini 1ª Classe boutique at Langham Place, Mongkok, Hong Kong.
位於香港旺角朗豪坊的「Alviero Martini 1ª Classe」精品店。