DICKSON

ANNUAL REPORT 2019

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 2019

Stock Code: 0113

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Board of Directors :

Group Executive Chairman :
Dickson Poon

Executive Directors :
Chan Hon Chung, Johnny Pollux
Lau Yu Hee, Gary
Poon Dickson Pearson Guanda#

Independent Non-Executive Directors :
Bhanusak Asvaintra
Nicholas Peter Etches
Leung Kai Hung, Michael

Company Secretary :

Or Suk Ying, Stella

Audit Committee :

Nicholas Peter Etches **(Chairman)**
Bhanusak Asvaintra
Leung Kai Hung, Michael

Nomination Committee :

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

Remuneration Committee :

Bhanusak Asvaintra **(Chairman)**
Chan Hon Chung, Johnny Pollux
Nicholas Peter Etches

Independent Auditor :

KPMG
Certified Public Accountants,
Hong Kong.

Head Office and Principal Place of Business :

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

Registered Office :

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

Principal Bankers :

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

Share Registrar in Hong Kong :

Tricor Tengis Limited
##Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong.

Share Registrar in Bermuda :

Conyers Corporate Services (Bermuda) 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

\# *Appointed with effect from 14th December, 2018.*
\## *Will change to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11th July, 2019.*

For the financial year ended 31st March, 2019, the Group achieved sales of HK$4,009.4 million, an increase of 10.3 per cent.. Comparable store sales increased by 11.2 per cent..

Net profit attributable to equity shareholders was HK$403.8 million (2018 : HK$151.8 million), an increase of 1.7 times over 2018. The investment portfolio and disposal of a warehouse property contributed a net profit of HK$235.8 million.

The increase in profit is the result of solid growth in the retail division, contribution from the investment portfolio, disposal of a warehouse property and tight control in operating costs and expenses at all levels of operation.

Financial Results and Final Dividend

Turnover for the financial year ended 31st March, 2019 was HK$4,009.4 million, an increase of 10.3 per cent. compared to HK$3,635.6 million in the previous year.

Profit attributable to shareholders was HK$403.8 million as compared to HK$151.8 million in the previous year.

In view of these results, the Board is recommending the payment of a final dividend of HK27 cents per ordinary share, which together with the interim dividend of HK8 cents per ordinary share paid, represents an increase of 52.17 per cent. over the HK23 cents per ordinary share paid in the previous year. Based on a closing price of HK$4.09 on 29th March, 2019, the total dividend proposed represents a yield of 8.56 per cent..

Review of Operations

The retail climate in Hong Kong, China and South East Asia deteriorated in the second half of the financial year as certain concerns mentioned in the interim report materialised.

In Hong Kong, the increase in tourist arrivals benefited the Group, in particular, the categories of beauty and luxury watches. As a result, the Group achieved 15.3 per cent. growth in sales turnover in the year ended 31st March, 2019.

In Taiwan, while the luxury retail market remains weak as a result of the major drop in Mainland Chinese tourists due to poor political relationship between Mainland China and Taiwan, the Group succeeded in achieving major improvement in profits through improved margins and tight inventory controls.

The Group adopted a very cautious approach to its expansion and opened only 11 new shops during the year. Today, the Group's retail network totals 113 stores comprising 24 stores in Hong Kong, 16 in China, 59 in Taiwan, 5 in Singapore, 6 in Malaysia and 3 in Macau.

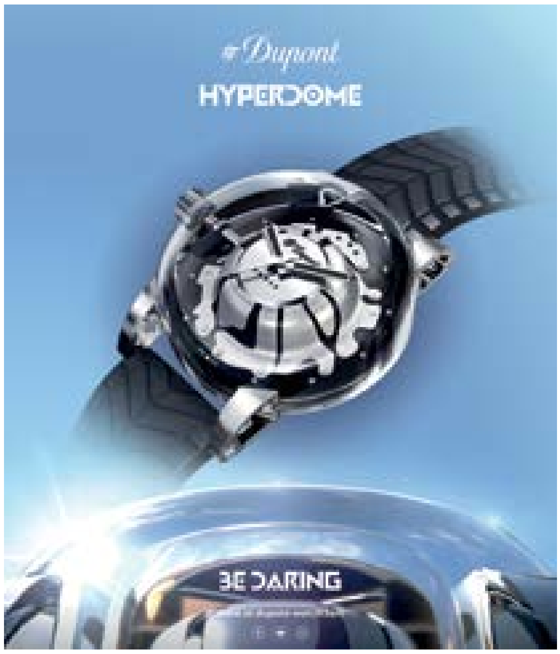
Geographically, Hong Kong contributed 79.5 per cent. of sales, Taiwan 15.7 per cent., China 1.6 per cent. and other territories 3.2 per cent..

In terms of sales mix, watches and jewellery represented 33.5 per cent., cosmetics and beauty products 33.2 per cent. and fashion and accessories 33.0 per cent..

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 commitment and contribution during the year. Without their hard work and dedication, we would not have achieved our solid results this year.

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



S.T. Dupont 'HYPERDOME' watch.
「都彭」的「HYPERDOME」腕錶。

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

Chopard 'HAPPY SPORT COLLECTION' watch.
「蕭邦」的「HAPPY SPORT COLLECTION」腕錶。

Future Prospects

The retail climate in Hong Kong, China and South East Asia remains challenging in the foreseeable future and the Group continues to face a very high operating cost base from rental and staff cost, together with the risk of volatile market conditions. In particular, there are major uncontrollable factors such as :-

a. A slowdown in Chinese tourist spending;
b. Trade war between U.S. and China;
c. Severe margins pressure from online operators internationally;
d. Severe volatility in equity markets; and
e. RMB weakness and reduced import duties which have narrowed the price gap between Hong Kong and China.

As such, the Group will continue to rigorously control costs and expenses at all levels of operation and adopt a very cautious approach to its further expansion and development strategies.

Internationally, with a prolonged trade war between the U.S. and China, it is inconceivable that the U.S. economy will not be significantly affected. Meanwhile, the economies in different parts of Europe remain to be weak and with the possibility of a hard Brexit increasing, the result will be messy and problematic if materialised. Therefore, the Group considers it strategically advantageous to focus on investments totally within its control both in nature and time horizon. On 25th March, 2019, the Group announced that it will cease to be the licensee of the "Tommy Hilfiger" brand by no later than 31st December, 2019, with a terminal amount to be paid to the Group by the licensor of the brand or its affiliates upon expiry of the licence. On completion of this transaction, the Group would have substantially transited out of its licensing and franchising activities, which increasingly require significant investments in image flagship stores, resulting in higher risk and reduced profitability.

On 17th December, 2018, the Group announced that it will invest HK$250 million on the first Harvey Nichols flagship new format store globally. Technology is core to this new store format and by capitalising on the strategic partnership with Harvey Nichols Group in the United Kingdom as announced in March 2018, the Group will be able to combine the leading international brands and top emerging designer talents from both Harvey Nichols UK's digital platform and Harvey Nichols HK in the new retail format. This new flagship store will be unveiled at Pacific Place in September 2019 and will showcase 3 times the offering of the existing store, while reducing the size of the existing store by 50 per cent.. As such, this will result in a large reduction in fixed cost and substantially increase sales, allowing the Group to maximise sales densities and profits, compete against pure online operators, while offering customers the most curated product and service offering possible.

Handbag by Tod's.
「Tod's」手袋。

On the investment side, the Group will continue to seek investment opportunities for long term direct investments as well as trading investments in major international markets.

With net cash of HK$1,739.1 million and its strong balance sheet, the Group is in an excellent position to take advantage of any further improvement in market condition as well as to undertake new investment opportunities to diversify and broaden its earnings base.

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

Dickson Poon
Group Executive Chairman

Hong Kong, 3rd June, 2019

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, 25th July, 2019 at 11:30 a.m. for the following purposes :-

1. To receive and consider the Reports of the Directors and the Independent Auditor and the Financial Statements for the year ended 31st March, 2019.

2. To approve the payment of the final dividend recommended by the Directors in respect of the year ended 31st March, 2019.

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

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

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

   "**THAT** :-

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

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

   (C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph 5(A), otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) any scrip dividend scheme or similar arrangement pursuant to the New Bye-Laws of the Company from time to time; or (iii) any share option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and / or any of its subsidiary companies of shares or rights to acquire shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution and the said approval shall be limited accordingly; and

   (D) for the purpose of this Resolution :-

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

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

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

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

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

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

"**THAT** :-

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

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

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

(D) for the purpose of this Resolution :-

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

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

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

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

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

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

By Order of the Board

Or Suk Ying, Stella
Company Secretary

Hong Kong, 26th June, 2019

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

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

Notes :-

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

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

3. In order to be valid, the completed proxy form, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be lodged with the Company's Hong Kong Branch Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 4:30 p.m. on Tuesday, 23rd July, 2019.

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 Monday, 22nd July, 2019 to Thursday, 25th July, 2019, 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 Friday, 19th July, 2019.

5. For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Thursday, 1st August, 2019 to Friday, 2nd August, 2019, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend (subject to shareholders' approval at the above Meeting), all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Tricor Tengis Limited, at the address as mentioned in Note 3 above not later than 4:30 p.m. on Wednesday, 31st July, 2019.

6. With regard to item 3 of this Notice, details of the three retiring Directors who have offered themselves for re-election at the above Meeting are contained in Appendix I to the circular accompanying the 2019 Annual Report of the Company. Separate resolutions will be proposed for the aforesaid re-election.

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

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

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

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

11. In the event of typhoon signal No. 8 or above or a "black" rainstorm warning is hoisted / issued and remains hoisted / in issue at any time after 9:00 a.m. on the date of the above Meeting, then the above Meeting will be postponed. The Company will post an announcement on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.dickson.com.hk to notify shareholders of the date, time and place of the rescheduled meeting.

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

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

Executive Directors :
Dickson Poon *(Group Executive Chairman)*
Chan Hon Chung, Johnny Pollux
Lau Yu Hee, Gary
Poon Dickson Pearson Guanda

Independent Non-Executive Directors :
Bhanusak Asvaintra
Nicholas Peter Etches
Leung Kai Hung, Michael

The board of directors ("the Board") has pleasure in presenting the annual report together with the audited financial statements for the year ended 31st March, 2019.

Group Activities

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

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

Business Review

For the financial year ended 31st March, 2019, the Group achieved sales of HK$4,009.4 million, an increase of 10.3 per cent.. Comparable store sales increased by 11.2 per cent..

Net profit attributable to equity shareholders was HK$403.8 million (2018: HK$151.8 million), an increase of 1.7 times over 2018. The investment portfolio and disposal of a warehouse property contributed a net profit of HK$235.8 million.

The increase in profit is the result of solid growth in the retail division, contribution from the investment portfolio, disposal of a warehouse property and tight control in operating costs and expenses at all levels of operation.

Review of Operations

The retail climate in Hong Kong, China and South East Asia deteriorated in the second half of the financial year as certain concerns mentioned in the interim report materialised.

In Hong Kong, the increase in tourist arrivals benefited the Group, in particular, the categories of beauty and luxury watches. As a result, the Group achieved 15.3 per cent. growth in sales turnover in the year ended 31st March, 2019.

In Taiwan, while the luxury retail market remains weak as a result of the major drop in Mainland Chinese tourists due to poor political relationship between Mainland China and Taiwan, the Group succeeded in achieving major improvement in profits through improved margins and tight inventory controls.

The Group adopted a very cautious approach to its expansion and opened only 11 new shops during the year. Today, the Group's retail network totals 113 stores comprising 24 stores in Hong Kong, 16 in China, 59 in Taiwan, 5 in Singapore, 6 in Malaysia and 3 in Macau.

Geographically, Hong Kong contributed 79.5 per cent. of sales, Taiwan 15.7 per cent., China 1.6 per cent. and other territories 3.2 per cent..

In terms of sales mix, watches and jewellery represented 33.5 per cent., cosmetics and beauty products 33.2 per cent. and fashion and accessories 33.0 per cent..

Future Prospects

The retail climate in Hong Kong, China and South East Asia remains challenging in the foreseeable future and the Group continues to face a very high operating cost base from rental and staff cost, together with the risk of volatile market conditions. In particular, there are major uncontrollable factors such as :-

a. A slowdown in Chinese tourist spending;
b. Trade war between U.S. and China;
c. Severe margins pressure from online operators internationally;
d. Severe volatility in equity markets; and
e. RMB weakness and reduced import duties which have narrowed the price gap between Hong Kong and China.

As such, the Group will continue to rigorously control costs and expenses at all levels of operation and adopt a very cautious approach to its further expansion and development strategies.

Internationally, with a prolonged trade war between the U.S. and China, it is inconceivable that the U.S. economy will not be significantly affected. Meanwhile, the economies in different parts of Europe remain to be weak and with the possibility of a hard Brexit increasing, the result will be messy and problematic if materialised. Therefore, the Group considers it strategically advantageous to focus on investments totally within its control both in nature and time horizon. On 25th March, 2019, the Group announced that it will cease to be the licensee of the "Tommy Hilfiger" brand by no later than 31st December, 2019, with a terminal amount to be paid to the Group by the licensor of the brand or its affiliates upon expiry of the licence. On completion of this transaction, the Group would have substantially transited out of its licensing and franchising activities, which increasingly require significant investments in image flagship stores, resulting in higher risk and reduced profitability.

On 17th December, 2018, the Group announced that it will invest HK$250 million on the first Harvey Nichols flagship new format store globally. Technology is core to this new store format and by capitalising on the strategic partnership with Harvey Nichols Group in the United Kingdom as announced in March 2018, the Group will be able to combine the leading international brands and top emerging designer talents from both Harvey Nichols UK's digital platform and Harvey Nichols HK in the new retail format. This new flagship store will be unveiled at Pacific Place in September 2019 and will showcase 3 times the offering of the existing store, while reducing the size of the existing store by 50 per cent.. As such, this will result in a large reduction in fixed cost and substantially increase sales, allowing the Group to maximise sales densities and profits, compete against pure online operators, while offering customers the most curated product and service offering possible.

On the investment side, the Group will continue to seek investment opportunities for long term direct investments as well as trading investments in major international markets.

With net cash of HK$1,739.1 million and its strong balance sheet, the Group is in an excellent position to take advantage of any further improvement in market condition as well as to undertake new investment opportunities to diversify and broaden its earnings base.

Principal risks and uncertainties facing the Group

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

Compliance with relevant laws and regulations

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

Relationships with employees, customers and suppliers

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

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

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

Environmental policy

The Group is committed to building an environmentally-friendly corporation. Green office practices such as paperless internal communications, double-sided printing and copying, setting up recycling bins, promoting using recycled paper and reducing energy consumption by switching off idle lighting and electrical appliances are encouraged in the operation of the Group's businesses. The Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices to enhance environmental sustainability. The Group's Environmental, Social and Governance Report is set out on pages ESG 1 to ESG 9 of this annual report.

Financial Statements

The results of the Group for the year ended 31st March, 2019 and the financial position of the Company and the Group at that date are set out in the financial statements on pages 49 to 118.

Dividends

An interim dividend of HK8 cents (2018 : Nil) per ordinary share was paid on 17th January, 2019.

The Board recommends the payment of a final dividend of HK27 cents (2018 : HK23 cents) per ordinary share in respect of the year ended 31st March, 2019.

Details of the dividend policy of the Company are set out in the Corporate Governance Report on pages 42 and 43.

Share Capital and Reserves

Movements in share capital and reserves during the year are set out in Notes 19 and 20 on the financial statements respectively.

Share Option Scheme

Details of the Share Option Scheme of the Company are set out in Note 19 on the financial statements.

Share Purchase, Sale and Redemption

Details of ordinary shares repurchased by the Company on the Stock Exchange of Hong Kong Limited ("the Stock Exchange") during the year ended 31st March, 2019 are set out in Note 19 on the Financial Statements.

Save as disclosed in Note 19, there was no purchase, sale or redemption by the Company, or any of its subsidiary companies, of the Company's ordinary shares during the year ended 31st March, 2019 and up to the date of this report.

Pre-emptive Rights

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

Charitable Donations

Donations made by the Group during the year amounted to HK$86,000.

Property, plant and equipment

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

Borrowings

Bank loans are set out in Note 16 on the financial statements.

Retirement Schemes

Retirement schemes operated by the Group during the year are outlined in Notes 1(n), 4, 17 and 23 on the financial statements.

Principal Subsidiary Companies

Particulars of the Company's principal subsidiary companies are set out on pages 115 to 118.

Management Contracts

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

Corporate Strategy

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

Employment and Remuneration Policies

As at 31st March, 2019, the Group had 1,384 (2018 : 1,433) employees. Total staff costs (including directors' emoluments) amounted to HK$454.5 million (2018 : HK$454.5 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$277.9 million (2018 : HK$256.6 million) which included operating cash flow after change in working capital of HK$292.7 million (2018 : HK$263.4 million) and tax payments of HK$14.8 million (2018 : HK$6.8 million).

The net cash utilisation in investing activities was HK$44.7 million (2018 : net cash surplus of HK$10.8 million) during the year which included net cash utilisation in other financial assets of HK$285.3 million (2018 : net cash surplus of HK$11.8 million) and net proceeds from disposal of a subsidiary company of HK$246.9 million (2018 : Nil).

Together with other financing activities including repayment of bank loans of HK$126.4 million (2018 : net proceeds from new bank loans of HK$82.1 million), repurchases of share of HK$42.6 million (2018 : Nil) and dividend payment of HK$61.4 million (2018 : HK$27.0 million), the net cash utilisation decreased the Group's cash and bank deposits as at 31st March, 2019 to HK$1,739.1 million (2018 : HK$1,754.8 million). The Group's net liquid financial resources, being cash and bank deposits less short-term bank borrowings, as at 31st March, 2019 were HK$1,739.1 million (2018 : HK$1,628.4 million).

Foreign Currency Exposure and Financial Management

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

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

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

As at 31st March, 2019, the Group's current ratio, being current assets divided by current liabilities, was 3.3 times (as at 31st March, 2018 : 3.4 times). The Group has maintained a net surplus cash position throughout the financial year under review and its gearing ratio, being total bank borrowings net of cash balances as a percentage of consolidated capital and reserves is Nil (as at 31st March, 2018 : Nil).

Financial Summary

The results, assets and liabilities of the Group for the last five years are summarised on page 119.

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	35 per cent.
Five largest suppliers in aggregate	73 per cent.

Directors

The directors during the year were :-

Dickson Poon	(Group Executive Chairman)
Chan Hon Chung, Johnny Pollux	(Executive Director)
Lau Yu Hee, Gary	(Executive Director)
Poon Dickson Pearson Guanda	(Executive Director) (Appointed on 14th December, 2018)
Bhanusak Asvaintra	(Independent Non-Executive Director ("INED"))
Nicholas Peter Etches	(INED)
Leung Kai Hung, Michael	(INED)

In accordance with Bye-law 111(A) of the Company's New Bye-Laws, Sir Dickson Poon (the Group Executive Chairman) and Mr. Nicholas Peter Etches (an INED) shall retire from office by rotation at the forthcoming annual general meeting of the shareholders of the Company to be held on Thursday, 25th July, 2019 ("the 2019 AGM"). While, in accordance with Bye-Law 102 of the Company's New Bye-Laws, Mr. Poon Dickson Pearson Guanda, who was appointed as an Executive Director on 14th December, 2018, shall hold office until the 2019 AGM and be subject to re-election at the 2019 AGM. All these three retiring Directors, being eligible, have offered themselves for re-election. None of the Directors offering themselves for re-election has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Indemnity of Directors

Pursuant to the Bye-law 189 of the Company's New Bye-Laws and subject to the statues, the directors of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices. The Company has the relevant Directors' and Officers' Liability and Company Reimbursement Insurance in place and maintained throughout the year, which provides cover for the directors of the Company, and its subsidiary companies.

Directors' Biographies

Sir Dickson Poon *(Group Executive Chairman)*

Sir Dickson, aged 62, is the founder and a substantial shareholder of the Group. He established the Dickson group business in 1980 and was appointed an Executive Director of the Company in November 1991 and has been the Group Executive Chairman since February 1992. Sir Dickson provides leadership for the Board and ensures that the Board discharges its responsibilities effectively and efficiently. He is the father of Mr. Poon Dickson Pearson Guanda, an Executive Director of the Company. The relationship between Sir Dickson and Dickson Investment Holding (PTC) Corporation which has a notifiable interest in the Company under the provisions of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("the SFO") is mentioned in the "Directors' Interests" and "Substantial Shareholders' and Other Persons' Interests" sections of this report.

Mr. Chan Hon Chung, Johnny Pollux *(Executive Director)*
Mr. Chan, aged 59, joined the Group in October 1983 and was appointed an Executive Director in September 2011. He is a Fellow of The Hong Kong Institute of Certified Public Accountants and a Fellow of The Institute of Chartered Accountants in England and Wales, and is in charge of the financial reporting function of the Group. Prior to joining the Group, Mr. Chan acquired extensive audit experience in an international audit firm in Hong Kong.

Mr. Lau Yu Hee, Gary *(Executive Director)*
Mr. Lau, aged 65, joined the Group in June 1990 and was appointed an Executive Director in January 2008. Educated in Hong Kong, Mr. Lau started his career as a journalist and later moved on to work for a French company distributing luxury goods in the region before joining the Group. He is currently in charge of the Group's business in Taiwan.

Mr. Poon Dickson Pearson Guanda *(Executive Director)*
Mr. Poon Dickson Pearson Guanda, aged 24, joined the Group as a General Manager in October 2016 and appointed as an Executive Director on 14th December, 2018. His responsibilities include launching the Group's e-commerce operations in Hong Kong, and working closely with the investment team to drive successful investments and exits. He also worked closely with the leadership team to develop a new retail concept combining physical and digital retail. Prior to joining the Group, Mr. Pearson Poon worked at the investment banking division of Goldman Sachs (Asia) LLC, where he was part of the consumer and retail, technology, media, and telecommunications team in Hong Kong, focusing on the China internet sector. Mr. Pearson Poon holds a Bachelor of Arts in Economics from the University of Cambridge. He is also an executive director of Harvey Nichols and Company Limited ("HN&CL") and the vice-chairman of the supervisory board of S.T. Dupont S.A. ("STDSA"), the shares of which are listed on the Euronext Paris in France, both HN&CL and STDSA are the related companies of the Company. Mr. Pearson Poon is a son of Sir Dickson Poon, the Group Executive Chairman and a substantial shareholder of the Company.

Mr. Bhanusak Asvaintra *(INED)*
Mr. Asvaintra, aged 74, was appointed an INED in September 2004. A graduate of the University of Pennsylvania and the University of Chicago, he held senior executive positions with the Chase Manhattan Bank group in New York, Hong Kong and Singapore in the 1970s. Mr. Asvaintra joined the Charoen Pokphand group of companies in 1980 and retired as its chief executive officer in 1998.

Mr. Nicholas Peter Etches *(INED)*
Mr. Etches, aged 70, was appointed an INED in June 2004. He has over 34 years auditing experience with clients in a range of industries, also specialising in the fields of banking and finance as well as insolvency and corporate recovery practice. He is a Fellow of The Institute of Chartered Accountants in England and Wales and a Fellow of the Hong Kong Institute of Certified Public Accountants of which he was the President in 1995. Mr. Etches joined one of the leading international accounting firms in London in 1967, transferred to the firm's Hong Kong office in 1975 and became a partner in 1978 until his retirement in 2002.

Mr. Leung Kai Hung, Michael *(INED)*
Mr. Leung, aged 76, was appointed an INED in January 2014. A graduate of the University of Hong Kong, he is an entrepreneur with extensive international experience in garment manufacturing and trading. Mr. Leung is the executive chairman of the Onwel Group which he formed in 1969 and serves as a council member of various schools and associations, holding a directorship in one other listed company.

Disclosure of Interests

Directors' Interests

As at 31st March, 2019, the interests and short positions of the directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("the Directors' Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities ("the Listing Rules") on the Stock Exchange were as follows :-

Dickson Concepts (International) Limited

		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	17,361	–	–	226,015,065[i]	226,032,426	56.38
Poon Dickson Pearson Guanda	Beneficial owner	83,000	–	–	–	83,000	0.02

Notes :-

(i) These shares are held through two trusts.

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

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

Save as referred to above, as at 31st March, 2019, 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, 2019, no share options had been granted to the directors under the share option scheme which was adopted on 18th July, 2013.

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

Substantial Shareholders' and Other Persons' Interests

As at 31st March, 2019, 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	226,032,426[i]	56.38	Interest of spouse
Dickson Investment Holding (PTC) Corporation ("DIHPTC")	226,015,065[ii]	56.38	Trustee
Paicolex Trust Company (BVI) Limited ("Paicolex BVI")	226,015,065[ii]	56.38	Trustee
Paicolex Trust Management AG ("Paicolex AG")	226,015,065[ii]	56.38	Trustee
Brandes Investment Partners, L.P.	24,377,816	6.08	Investment manager

Notes :-

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

(ii) These shares refer to the same block of shares. DIHPTC, Paicolex BVI and Paicolex AG are trustees of two trusts. These shares are also included in the 226,015,065 shares which were disclosed as "Other Interests" of Sir Dickson Poon in the "Directors' Interests" section of this report. Sir Dickson Poon is a director of DIHPTC.

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

Save as disclosed above and in the "Directors' Interests" section of this report, the Company has not been notified by any person who had an interest or short position in the shares or underlying shares of the Company as at 31st March, 2019 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 and up to the date of this report, the Group has on an on-going basis conducted transactions with the S.T. Dupont Group (i.e. S.T. Dupont S.A. ("STDSA"), a company incorporated in France with limited liability, the shares of which are listed on the Euronext Paris in France and which is owned as to 79.708 per cent. of its issued share capital by a trust established for the benefit of the family members of Sir Dickson Poon, the Group Executive Chairman (Sir Dickson Poon is the father of Mr. Poon Dickson Pearson Guanda, an Executive Director, who is the vice-chairman of the supervisory board of STDSA), 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, payment of license fees and distribution of merchandise, 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 21st March, 2018, Dickson Concepts Limited ("DCL"), a member of the Group, as seller and S.T. Dupont Marketing Limited ("STDML"), a member of the S.T. Dupont Group, as purchaser entered into a merchandise sale and purchase renewal agreement ("the Agreement No. 1") regarding the sales of certain merchandise by the Group to the S.T. Dupont Group including, but not limited to, luxury lighters, writing instruments, leather goods, accessories, ready-to-wear clothing, watches as well as fragrances under the brand name of "S.T. Dupont" or names of product lines under "S.T. Dupont" (for that merchandise manufactured in the People's Republic of China ("PRC") only) for a period of three years commencing from 1st April, 2018 and ending on 31st March, 2021. The selling prices of the obsolete merchandise are set at the Group's purchase cost of the obsolete merchandise while the selling prices of other merchandise are set at the standard wholesale prices of the Group, due upon shipment of the merchandise and to be settled in cash with a credit period of up to 60 days. The maximum annual caps received / receivable by the Group for the sales of merchandise to the S.T. Dupont Group under the Agreement No. 1 for the financial years ended / ending 31st March, 2019, 31st March, 2020 and 31st March, 2021 are HK$6,000,000, HK$7,200,000 and HK$8,640,000 respectively. The sales of merchandise by the Group to the S.T. Dupont Group under the Agreement No. 1 during the year was HK$1,119,000 which was below the maximum annual cap of HK$6,000,000.

(b) On 21st March, 2018, STDML, a member of the S.T. Dupont Group, as seller and DCL, a member of the Group, as purchaser entered into a merchandise sale and purchase renewal agreement ("the Agreement No. 2") regarding the purchases of certain merchandise by the Group from the S.T. Dupont Group including, but not limited to, luxury lighters, writing instruments, leather goods, accessories, ready-to-wear clothing, watches as well as fragrances under the brand name of "S.T. Dupont" or names of product lines under "S.T. Dupont" (for that merchandise manufactured outside the PRC only) for a period of three years commencing from 1st April, 2018 and ending on 31st March, 2021. The purchase prices of the merchandise are at the standard wholesale prices as set by the S.T. Dupont Group, due upon shipment of the merchandise and to be settled in cash with a credit period of up to 60 days. The maximum annual caps paid / payable by the Group for the purchases of merchandise from the S.T. Dupont Group under the Agreement No. 2 for the financial years ended / ending 31st March, 2019, 31st March, 2020 and 31st March, 2021 are HK$9,480,000, HK$11,376,000 and HK$13,651,000 respectively. The purchases of merchandise by the Group from the S.T. Dupont Group under the Agreement No. 2 during the year was HK$4,874,000 which was below the maximum annual cap of HK$9,480,000.

(c) On 21st March, 2018, DCL, a member of the Group, as service provider and STDML, a member of the S.T. Dupont Group, as service receiver entered into a services renewal agreement ("the Agreement No. 3(a)") together with a renewal agreement on personnel ("the Agreement No. 3(b)") regarding the provision of certain management and supporting services by the Group to the S.T. Dupont Group including 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, 2018 and ending on 31st March, 2021. Moreover, pursuant to the Agreement No. 3(b), the salaries of employees in charge of marketing and selling of products provided by the S.T. Dupont Group and the Group and supervising exclusive "S.T. Dupont" boutiques in the PRC are to be shared between the Group and the S.T. Dupont Group. The service fee payable by the S.T. Dupont Group is calculated on a cost or cost plus 12 per cent. (as may be required by the relevant tax or other rulings or regulations) allocation basis, and this service fee shall be payable in cash on a monthly basis with a credit period of up to 30 days. The maximum annual caps received / receivable by the Group for the provision of management and supporting services to the S.T. Dupont Group under the Agreements Nos. 3(a) and 3(b) for the financial years ended / ending 31st March, 2019, 31st March, 2020 and 31st March, 2021 are HK$6,000,000, HK$7,200,000 and HK$8,640,000 respectively. The service fee received by the Group from the S.T. Dupont Group in respect of the provision of management and supporting services to the S.T. Dupont Group under the Agreements Nos. 3(a) and 3(b) during the year was HK$4,236,000 which was below the maximum annual cap of HK$6,000,000.

(d) On 21st March, 2018, Dickson Interior Design Limited, a member of the Group, as service provider and STDML, a member of the S.T. Dupont Group, as service receiver entered into an interior design services renewal agreement ("the Agreement No. 4") regarding the provision of interior design services by the Group to the S.T. Dupont Group relating to its retail outlets and sales corners for a period of three years commencing from 1st April, 2018 and ending on 31st March, 2021. The interior design service fee payable by the S.T. Dupont Group is charged at a rate of 10 per cent. (which is derived in accordance with industry practice) of the total contract sum for the building and fitting out of any of its freestanding boutiques, department store corners and retail outlets, and this interior design service fee shall be payable in cash on a contract phase completion basis with a credit period of up to 30 days. The maximum annual caps received / receivable by the Group for the provision of interior design services to the S.T. Dupont Group under the Agreement No. 4 for the financial years ended / ending 31st March, 2019, 31st March, 2020 and 31st March, 2021 are HK$1,000,000, HK$1,200,000 and HK$1,440,000 respectively. The service fee received by the Group from the S.T. Dupont Group in respect of the provision of interior design services to the S.T. Dupont Group under the Agreement No. 4 during the year was HK$107,000 which was below the maximum annual cap of HK$1,000,000.

(e) On 8th June, 2016, STDSA as licensor and Bondwood Investments Limited ("BIL"), a member of the Group, as licensee entered into a license agreement ("the Agreement No. 5(a)") together with a shoe license agreement ("the Agreement No. 5(b)") regarding the granting of two licenses to the Group for the use of various "S.T. Dupont" trademarks in order to manufacture, sell, market and promote the relevant "S.T. Dupont" (a) ready-to-wear products and leather goods; and (b) shoe products respectively, and open and operate respective points of sale within the PRC (excluding Hong Kong) for a period of three years commencing from 8th June, 2016 and ending on 7th June, 2019. Both parties may agree to and renew the Agreements Nos. 5(a) and 5(b) for a maximum of two 2-year periods subject to compliance with the applicable Listing Rules. The license fee payable under (a) the Agreement No. 5(a) is calculated based on certain percentage on the total net sales of the relevant "S.T. Dupont" ready-to-wear products and leather goods per year; and (b) the Agreement No. 5(b) is calculated based on a certain percentage on the total shoe license royalty revenue received from third parties for the shoe products per year. The license fee payable under each of the Agreements Nos. 5(a) and 5(b) shall be payable on a quarterly basis with a credit period of up to 45 days. The maximum annual caps paid / payable by the Group for the payment of the license fees in respect of the granting of two licenses to the Group for the use of various "S.T. Dupont" trademarks in order to manufacture, sell, market and promote the relevant "S.T. Dupont" (a) ready-to-wear products and leather goods; and (b) shoe products respectively, and open and operate respective points of sale within the PRC (excluding Hong Kong) under the Agreements Nos. 5(a) and 5(b) for the financial years ended / ending 31st March, 2019 and 31st March, 2020 are HK$22,500,000 and HK$5,000,000 (two months and seven days) respectively. As the Agreement No. 5(a) was subsequently superseded by the Agreement No. 6 (as defined below) with effect from 1st April, 2018, the combined maximum annual caps payable by the Group under the Agreements Nos. 5(a) and 5(b) have been revised by separating the maximum annual caps paid / payable by the Group under the Agreement 5(b) only for the financial years ended / ending 31st March, 2019 and 31st March, 2020 from HK$22,500,000 and HK$5,000,000 (two months and seven days) to HK$10,000,000 and HK$1,700,000 (two months and seven days) respectively, reflecting the separate projection of the license fee payable by the Group to the S.T. Dupont Group for the use of various "S.T. Dupont" trademarks in order to manufacture, sell, market and promote the relevant "S.T. Dupont" shoe products, and open and operate respective points of sale within the PRC (excluding Hong Kong) under the Agreement No. 5(b). The license fee paid by the Group to the S.T. Dupont Group in respect of the granting of a license to the Group for the use of various "S.T. Dupont" trademarks under the Agreement No. 5(b) during the year was HK$7,700,000 which was below the revised maximum annual cap of HK$10,000,000.

On 3rd June, 2019, STDSA as licensor and BIL as licensee entered into a renewal shoe license agreement ("the Renewal Agreement No. 5(b)") regarding the renewal of the Agreement 5(b) upon its expiry on 7th June, 2019 for a further period of two years commencing from 8th June, 2019 and ending on 7th June, 2021 with other terms remaining unchanged. Both parties may agree to and renew the Renewal Agreement No. 5(b) for a further 2-year period subject to compliance with the applicable Listing Rules. The license fee payable under the Renewal Agreement No. 5(b) is calculated based on a certain percentage (in the range of 40 to 70 per cent.) on the total shoe license royalty revenue received from third parties for the shoe products per year. The license fee payable by the Group under the Renewal Agreement No. 5(b) shall be payable on a quarterly basis with a credit period of up to 45 days. The license fee payable is negotiated on an arm's length basis between the parties thereto and be determined based on normal commercial terms, after considering the participation and role of the Group, to ensure that the license fee is fair and reasonable and no less favourable to the Group than those available to the independent third parties at the relevant time. The maximum annual caps payable by the Group for the payment of the license fee in respect of the granting of a license to the Group for the use of various "S.T. Dupont" trademarks in order to manufacture, sell, market and promote the relevant "S.T. Dupont" shoe products, and open and operate points of sale within the PRC (excluding Hong Kong) under the Renewal Agreement No. 5(b) for the financial years ending 31st March, 2020, 31st March, 2021 and 31st March, 2022 are HK$8,342,000 (nine months and twenty-three days), HK$10,920,000 and HK$2,002,000 (two months and seven days) respectively.

(f) On 21st March, 2018, STDSA as licensor and BIL, a member of the Group, as licensee entered into a new license agreement ("the Agreement No. 6") regarding the granting of an exclusive license by the S.T. Dupont Group to the Group to distribute ready-to-wear apparel bearing the "S.T. Dupont" name, logo or trademark solely in the PRC (excluding Hong Kong) for a period of three years commencing from 1st April, 2018 and ending on 31st March, 2021. Both parties may agree to and renew the Agreement No. 6 for a maximum of two 2-year periods subject to compliance with the applicable Listing Rules. The license fee payable under the Agreement No. 6 is calculated based on certain percentage on the royalties received by BIL from the sub-licensees on the sales of the relevant "S.T. Dupont" ready-to-wear apparel per year in the PRC (excluding Hong Kong). The license fee payable under the Agreement No. 6 shall be payable on a quarterly basis with a credit period of up to 30 days. The maximum annual caps paid / payable by the Group to the S.T. Dupont Group for the payment of the license fees in respect of the granting of an exclusive license to the Group to distribute ready-to-wear apparel bearing "S.T. Dupont" name, logo or trademark solely in the PRC (excluding Hong Kong) under the Agreement No. 6 for the financial years ended / ending 31st March, 2019, 31st March, 2020 and 31st March, 2021 are HK$1,000,000, HK$1,800,000 and HK$8,000,000 respectively. The license fee paid by the Group to the S.T. Dupont Group in respect of the granting of an exclusive license to the Group to distribute ready-to-wear apparel bearing the "S.T. Dupont" name, logo or trademark solely in the PRC (excluding Hong Kong) under the Agreement No. 6 during the year was HK$625,000 which was below the maximum annual cap of HK$1,000,000.

(g) On 8th June, 2016, STDSA as principal and BIL, a member of the Group, as distributor entered into an exclusive distribution agreement ("the Agreement No. 7") regarding the appointment of the Group as an exclusive distributor for certain luxury products including, but not limited to, lighters, smokers' articles, writing instruments, leather goods, belts as well as men's accessories under "S.T. Dupont" and "D" trademarks in the PRC (excluding Hong Kong) for a period of three years commencing from 8th June, 2016 and ending on 7th June, 2019. Both parties may agree to and renew the Agreement No. 7 for a maximum of two 2-year periods subject to compliance with the applicable Listing Rules. The purchase prices of the products are at the standard wholesale prices as set by the S.T. Dupont Group, to be settled in cash with a credit period of up to 45 days. The maximum annual caps paid / payable by the Group for the purchases of products from the S.T. Dupont Group for distributing the same throughout the PRC (excluding Hong Kong) under the Agreement No. 7 for the financial years ended / ending 31st March, 2019 and 31st March, 2020 are HK$35,000,000 and HK$5,000,000 (two months and seven days) respectively. The purchases of products by the Group from the S.T. Dupont Group for distributing the same throughout the PRC (excluding Hong Kong) under the Agreement No. 7 during the year was HK$20,561,000 which was below the maximum annual cap of HK$35,000,000.

On 3rd June, 2019, STDSA as principal and BIL as distributor entered into a renewal exclusive distribution agreement ("the Renewal Agreement No. 7") regarding the renewal of the Agreement No. 7 upon its expiry on 7th June, 2019 for a further period of three years commencing from 8th June, 2019 and ending on 7th June, 2022 with other terms remaining unchanged. Both parties may agree to and renew the Renewal Agreement No. 7 for a further 1-year period subject to compliance with the applicable Listing Rules. The maximum annual caps payable by the Group for the purchases of certain products from the S.T. Dupont Group for distributing the same throughout the PRC (excluding Hong Kong) under the Renewal Agreement No. 7 for the financial years ending 31st March, 2020, 31st March, 2021, 31st March, 2022 and 31st March, 2023 are HK$31,054,000 (nine months and twenty-three days), HK$52,247,000, HK$65,459,000 and HK$13,637,000 (two months and seven days) 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 Sir Dickson Poon, together with their subsidiary companies, which are principally engaged in the sale of watches and jewellery). These transactions involve sales and purchases of merchandise and licensing of a sales corner, all of which are conducted on normal commercial terms and in the ordinary and usual course of business of the Group, details of which are set out as follows :-

   (a) On 21st March, 2018, 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 a merchandise sale and purchase renewal agreement ("the Agreement No. 8") 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, 2018 and ending on 31st March, 2021. The selling prices of the merchandise are equal to the retail prices less normal trade discounts, due upon shipment of the merchandise and to be settled in cash with a credit period of up to 90 days. The maximum annual caps received / receivable by the Group for the sales of merchandise to the Artland Group under the Agreement No. 8 for the financial years ended / ending 31st March, 2019, 31st March, 2020 and 31st March, 2021 are HK$30,000,000, HK$33,000,000 and HK$36,300,000 respectively. The sales of merchandise by the Group to the Artland Group under the Agreement No. 8 during the year was HK$14,849,000 which was below the maximum annual cap of HK$30,000,000.

   (b) On 21st March, 2018, AWCL and PWCL, both of which are members of the Artland Group, as sellers and DCL, a member of the Group, as purchaser entered into a merchandise sale and purchase renewal agreement ("the Agreement No. 9") 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, 2018 and ending on 31st March, 2021. The purchase prices of the merchandise are equal to the retail prices less normal trade discounts, due upon shipment of the merchandise and to be settled in cash with a credit period of up to 30 days. The maximum annual caps paid / payable by the Group for the purchases of merchandise from the Artland Group under the Agreement No. 9 for the financial years ended / ending 31st March, 2019, 31st March, 2020 and 31st March, 2021 are HK$24,000,000, HK$26,400,000 and HK$29,000,000 respectively. The purchases of merchandise by the Group from the Artland Group under the Agreement No. 9 during the year was HK$4,265,000 which was below the maximum annual cap of HK$24,000,000.

(c) On 25th September, 2017, Harvey Nichols (Hong Kong) Limited ("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. 10") regarding the licensing of a sales corner ("the PW HN Corner") by the Group to the Artland 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 4,095 sq. ft. for a period of one year commencing from 7th October, 2017 and ending on 6th October, 2018 at a monthly licence fee payment of HK$1,375,000, to be paid in cash within 20 days from the end of each month in arrears. The maximum annual cap received by the Group for the licensing of the PW HN Corner at the PP Harvey Nichols Store to the Artland Group under the Agreement No. 10 for the financial year ended 31st March, 2019, based on the monthly licence fee of HK$1,375,000, is HK$8,517,000 (six months and six days). 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. 10 during the year was HK$8,516,000 (six months and six days) which was below the maximum annual cap of HK$8,517,000 (six months and six days).

On 26th September, 2018, HNHKL as grantor and PWCL as licensee entered into a new licence agreement ("the New Agreement No. 10") regarding the renewal of the Agreement No. 10 upon its expiry on 6th October, 2018 for a further period of one year commencing from 7th October, 2018 and ending on 6th October, 2019 at a monthly licence fee payment of HK$1,375,000, to be paid in cash within 20 days from the end of each month in arrears. The maximum annual caps received / receivable by the Group for the licensing of the PW HN Corner at the PP Harvey Nichols Store to the Artland Group under the New Agreement No. 10 for the financial years ended / ending 31st March, 2019 and 31st March, 2020, based on the monthly licence fee of HK$1,375,000, are HK$7,984,000 (five months and twenty-five days) and HK$8,517,000 (six months and six days) respectively. The licence fee received by the Group from the Artland Group in respect of the licensing of the PW HN Corner to the Artland Group under the New Agreement No. 10 during the year was HK$7,984,000 (five months and twenty-five days) which was the same as the maximum annual cap.

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

   On 21st March, 2018, Dickson Communications as service provider and DCL, a member of the Group, as service receiver entered into a promotional services renewal agreement ("the Agreement No. 11") 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, 2018 and ending on 31st March, 2021. The Group pays a monthly retainer fee and a handling service fee at a rate of 10 per cent. (which was derived in accordance with the industry practice) of the media or other costs incurred and paid by the Group to any third party media specialists, agents or independent contractors in connection with the provision of these services to the Group and this handling service fee shall be payable in cash on a monthly basis with a credit period of up to 30 days. The maximum annual caps paid / payable by the Group for the receipt of advertising, marketing and promotion services from Dickson Communications under the Agreement No. 11 for the financial years ended / ending 31st March, 2019, 31st March, 2020 and 31st March, 2021 are HK$12,000,000, HK$13,200,000 and HK$14,500,000 respectively. The retainer fee and the handling service fee paid by the Group to Dickson Communications in respect of the receipt of advertising, marketing and promotion services from Dickson Communications under the Agreement No. 11 during the year was HK$8,755,000 which was below the maximum annual cap of HK$12,000,000.

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

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

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

(i) nothing has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board;
(ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
(iii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
(iv) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that the continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the announcements of the Company dated 8th June, 2016, 25th September, 2017, 21st March, 2018 and 26th September, 2018 in respect of each of the continuing connected transactions.

Director's Interest in Competing Business

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

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

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

Public Float

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

Corporate Governance Practices

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

The Company has applied the principles and complied with all the code provisions of the Corporate Governance Code ("the CG Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31st March, 2019 except code provision A.2.1 of the CG Code as the functions of the Chief Executive Officer are now performed by Sir Dickson Poon, the Group Executive Chairman.

Detailed information on the Company's other corporate governance practices is set out in the Corporate Governance Report on pages 31 to 44.

Independent Auditor

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

By Order of the Board

Dickson Poon
Group Executive Chairman

Hong Kong, 3rd June, 2019

This report describes the Company's corporate governance practices and explains the application of the principles in the Corporate Governance Code ("the CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") throughout the year ended 31st March, 2019 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, 2019 except code provision A.2.1 of the CG Code as the functions of the Chief Executive Officer ("CEO") are now performed by Sir Dickson Poon, the Group Executive Chairman.

Directors' Securities Transactions

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

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

Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard as set out in the Directors' Model Code throughout the year ended 31st March, 2019.

Board of Directors

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

Executive Directors
Sir Dickson Poon *(Group Executive Chairman)*
Mr. Chan Hon Chung, Johnny Pollux
Mr. Lau Yu Hee, Gary
Mr. Poon Dickson Pearson Guanda (Appointed on 14th December, 2018)

Independent Non-Executive Directors ("INEDs")
Mr. Bhanusak Asvaintra
Mr. Nicholas Peter Etches
Mr. Leung Kai Hung, Michael

Mr. Poon Dickson Pearson Guanda was appointed as an Executive Director with effect from 14th December, 2018 and the same was disclosed in the announcement of the Company dated 14th December, 2018.

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 18 and 19.

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

Four regular Board Meetings and an Annual General Meeting were held during the year ended 31st March, 2019. The attendance record of each Director at the said meetings during the year ended 31st March, 2019 is set out below :-

	Number of Meetings Attended / Held	
Directors	**Board Meetings**	**Annual General Meeting**
Executive Directors		
Sir Dickson Poon *(Group Executive Chairman)*	3/4	1/1
Mr. Chan Hon Chung, Johnny Pollux	4/4	1/1
Mr. Lau Yu Hee, Gary	4/4	0/1
Mr. Poon Dickson Pearson Guanda (Appointed on 14th December, 2018)	1/1	–
INEDs		
Mr. Bhanusak Asvaintra	4/4	0/1
Mr. Nicholas Peter Etches	4/4	0/1
Mr. Leung Kai Hung, Michael	4/4	1/1

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

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

To ensure Directors' contribution to the Board remains informed and relevant, the Company encourages Directors to participate in continuous professional development to develop and refresh their knowledge and skills and understanding of the business and markets in which the Group operates. Directors are also provided with monthly performance and position updates of the Group, and information such as performance and key operational highlights to enable the Board as a whole as well as each Director to discharge their duties. In addition, the Company has provided training materials and web based learning resources on updates to regulatory matters for the year ended 31st March, 2019.

All Directors have participated in appropriate continuous professional development and provided the Company with their records of training they received during the year ended 31st March, 2019.

The records of training the Directors received during the year ended 31st March, 2019 are as follows :-

Directors	**Attending Conferences, Forums, Seminars and / or Webcasts**	**Reading Newspapers, Journals and / or Updates**
Executive Directors		
Sir Dickson Poon *(Group Executive Chairman)*	✓	✓
Mr. Chan Hon Chung, Johnny Pollux	✓	✓
Mr. Lau Yu Hee, Gary	✓	✓
Mr. Poon Dickson Pearson Guanda (Appointed on 14th December, 2018)	✓	✓
INEDs		
Mr. Bhanusak Asvaintra	✓	✓
Mr. Nicholas Peter Etches	✓	✓
Mr. Leung Kai Hung, Michael	✓	✓

Corporate Governance Functions

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

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

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

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

(iv) to review and monitor the training and continuous professional development of the Directors and senior management;

(v) 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;

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

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

The corporate governance duties performed by the Board for the year ended 31st March, 2019 were in accordance with the Terms of Reference of the Corporate Governance Functions of the Board and are summarised below :-

(i) reviewed the Company's corporate governance policies (including the Inside Information Policy ("the Inside Information Policy")) and practices to ensure compliance with legal and regulatory requirements;

(ii) reviewed the Company's compliance with (a) the CG Code and other related rules; and (b) the mandatory disclosure requirements in respect of the Corporate Governance Report as set out in Appendix 14 of the Listing Rules;

(iii) reviewed the training and continuous professional development of the Directors and senior management; and

(iv) reviewed the Shareholders' Communication Policy and its implementation to ensure its effectiveness.

Directors' Responsibilities for Preparing Consolidated Financial Statements

The Directors acknowledge their responsibilities to prepare consolidated financial statements for each half and full financial year which give a true and fair view of the state of affairs of the Group. The Directors' responsibilities for preparing consolidated financial statements are set out in the Independent Auditor's Report on pages 45 to 48. The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue its operational existence for the foreseeable future and thus it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Chairman and Chief Executive Officer

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

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

Independent Non-Executive Directors

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

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

Remuneration Committee

The Remuneration Committee comprises three members and is chaired by Mr. Bhanusak Asvaintra, an INED, with Mr. Chan Hon Chung, Johnny Pollux, an Executive Director, and Mr. Nicholas Peter Etches, an INED, as members.

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

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

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

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

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

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

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

A Remuneration Committee Meeting was held during the year ended 31st March, 2019. The attendance record of each member at the Remuneration Committee Meeting during the year ended 31st March, 2019 is set out below :-

Remuneration Committee Members	**Number of Meeting(s) Attended / Held**
Mr. Bhanusak Asvaintra *(Chairman)*	1/1
Mr. Chan Hon Chung, Johnny Pollux	1/1
Mr. Nicholas Peter Etches	1/1

The work performed by the Remuneration Committee for the year ended 31st March, 2019 was in accordance with the Terms of Reference of the Remuneration Committee and is summarised below :-

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

(ii) reviewed and approved the management's and the Group's remuneration proposals with reference to the Board's corporate goals and objectives;

(iii) assessed the performance of Executive Directors and recommended the remuneration packages of individual Executive Directors and senior management;

(iv) considered Directors' fees paid by comparable companies and recommended the amount of Director's fees to be paid to each Executive Director for the year ended 31st March, 2019 and reviewed the amount of Director's fees to be paid to each INED for the year ended 31st March, 2019 for shareholders' approval at the forthcoming Annual General Meeting of the shareholders of the Company to be held on 25th July, 2019 ("the 2019 AGM"); and

(v) considered the grant of share options to Directors and senior management, if any.

The primary aim of the remuneration policy is to enable the Company to motivate and retain Executive Directors and senior management by comparing their performance against corporate goals and objectives when determining appropriate compensation 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, 2019 is set out in Note 5 on the financial statements.

Nomination Committee

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

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

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

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

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

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

(v) to recommend to the Board the appointment or re-appointment of Directors and succession planning for Directors.

A regular Nomination Committee Meeting was held during the year ended 31st March, 2019. The attendance record of each member at the Nomination Committee Meeting during the year ended 31st March, 2019 is set out below :-

Nomination Committee Members	**Number of Meeting(s) Attended / Held**
Sir Dickson Poon *(Chairman)*	0/1
Mr. Bhanusak Asvaintra	1/1
Mr. Nicholas Peter Etches	1/1

The work performed by the Nomination Committee for the year ended 31st March, 2019 was in accordance with the Terms of Reference of the Nomination Committee and is summarised below :-

(i) reviewed the Board Diversity Policy (a summary of which is set out in the section headed "Board Diversity Policy" below);

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

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

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

(v) noted those Directors who are required to retire from office by rotation (but eligible for re-election) at the 2019 AGM and considered succession planning for Directors; and

(vi) recommended the election of Mr. Poon Dickson Pearson Guanda as an Executive Director to the Board for approval by the Board.

Board Diversity Policy

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

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

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

Audit Committee

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

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

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

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

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

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

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

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

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

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

Four Audit Committee Meetings were held during the year ended 31st March, 2019. The attendance record of each member at the Audit Committee Meetings during the year ended 31st March, 2019 is set out below :-

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

The work performed by the Audit Committee for the year ended 31st March, 2019 was in accordance with the Terms of Reference of the Audit Committee and is mainly summarised below :-

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

(ii) reviewed the Reports to the Audit Committee for the year ended 31st March, 2018 and for the six months ended 30th September, 2018 respectively both from the Independent Auditor;

(iii) reviewed the Interim Review Plan to the Audit Committee for the six months ending 30th September, 2018 from the Independent Auditor;

(iv) reviewed the audit plan and strategy for the year ending 31st March, 2019 from the Independent Auditor;

(v) reviewed the announcements of the Company regarding (i) the Group's final results for the year ended 31st March, 2018; and (ii) the Group's interim results for the six months ended 30th September, 2018;

(vi) reviewed the Company's quarterly operating results and financial highlights for the three months ended 30th June, 2018 and nine months ended 31st December, 2018 respectively;

(vii) reviewed the effectiveness of the internal control systems of the Group covering all material controls, including financial, operational, compliance controls and risk management;

(viii) considered the Compliance Certificates for the year ended 31st March, 2018 received from the heads of business units / departments and countersigned by the Head of Internal Audit Department;

(ix) considered the Corporate Governance Report for the year ended 31st March, 2018 as endorsed by the Head of Internal Audit Department;

(x) considered the quarterly reports from the Head of Internal Audit Department;

(xi) considered the internal audit plan for the next financial year ending 31st March, 2020 from the Head of Internal Audit Department;

(xii) reviewed the progress of preparation of the Environmental, Social and Governance Report of the Company for the year ending 31st March, 2019;

(xiii) considered matters relating to the continuing connected transactions with the private group companies;

(xiv) reviewed the Dividend Policy of the Company; and

(xv) reviewed and updated the existing Terms of Reference of the Audit Committee in compliance with the amended code provisions of the CG Code as set out in Appendix 14 of the Listing Rules.

Auditor's Remuneration

During the year ended 31st March, 2019, the fees charged to the consolidated statement of profit or loss of the Group for the Group's statutory audit services amounted to HK$4,930,000 (2018 : HK$4,879,000), and in addition HK$1,078,000 (2018 : HK$40,000) 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 45 to 48.

Risk Management and Internal Control

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

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

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

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

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

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

Dividend Policy

The Board has approved and adopted a dividend policy ("the Dividend Policy") for the Company as of 1st January, 2019 that aims at enhancing transparency of the Company and facilitating the shareholders of the Company and investors to make informed investment decisions relating to the Company.

The Dividend Policy is to allow shareholders to participate in the Company's profits whilst retaining adequate reserves for the Company's future growth. The Company considers stable and sustainable returns to shareholders to be its goal and endeavours to maintain its stable Dividend Policy.

In deciding whether to propose any dividend payout and / or determining the amount of any dividend to be paid, the Board shall take into account a number of factors, including but not limited to :-

(i) the current and expected financial performance of the Group;

(ii) the retained earnings and distributable reserves of the Company and each of the members of the Group;

(iii) the expected working capital requirements, capital expenditure requirements and future expansion plans of the Group;

(iv) the liquidity position and any future commitments of the Group at the time of declaration of dividend;

(v) the dividend payout history of the Company;

(vi) the general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business, financial performance and position of the Group; and

(vii) the other factors that the Board may consider relevant.

The recommendation of the payment of dividend is subject to the sole discretion of the Board, and any declaration of the final dividend for the year will be subject to the approval of the shareholders.

The payment of dividend by the Company is also subject to compliance with all applicable laws and regulations including, but not limited to, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Laws of Bermuda, and the Company's Memorandum of Association ("M&A") and New Bye-Laws.

The Board shall review the Dividend Policy from time to time and reserves the right in its sole and absolute discretion to update, amend and / or modify the Dividend Policy at any time. There is no assurance that dividends will be proposed or declared in respect of any given periods.

Shareholders' Rights

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

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

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

Investor Relations and Communication with Shareholders

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

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

Constitutional Documents

The Company's M&A and New Bye-Laws, in both English and Chinese, are available on the Websites. There was no change to the M&A and New Bye-Laws of the Company during the year ended 31st March, 2019.

By Order of the Board

Dickson Poon
Group Executive Chairman

Hong Kong, 3rd June, 2019

To the Shareholders of Dickson Concepts (International) Limited

(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Dickson Concepts (International) Limited ("the Company") and its subsidiaries ("the Group") set out on pages 49 to 118, which comprise the consolidated statement of financial position as at 31st March, 2019, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st March, 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventories

Refer to Note 13 to the consolidated financial statements and the accounting policies in Note 1(h) to the consolidated financial statements.

The key audit matter	**How the matter was addressed in our audit**
Sales of inventories of luxury goods, including apparel and watches, can be volatile due to changing fashion trends, consumer demand and economic retail conditions. The Group primarily sells luxury goods through its retail and distribution network in Hong Kong, Taiwan, Mainland China, Singapore and Malaysia. The changing tastes and patterns of consumption of customers require the Group to periodically review its inventory portfolio and dispose of off-season inventories at a markdown from their original prices to maintain the strength of the brand and make room for new season inventories in its stores. Accordingly, the actual future selling prices of certain items of inventory may fall below their purchase costs.	Our audit procedures to assess the valuation of inventories included the following: • evaluating the Group's policy for making provision for inventories with reference to the requirements of the prevailing accounting standards; • assessing whether the inventory provision at the reporting date was consistent with the Group's inventory provision policy by recalculating the inventory provision based on the percentages and other parameters in the Group's inventory provision policy;

The Executive Directors and senior members of the sales team review the full inventory list regularly to identify inventories which may need to be discounted in order to increase their chances of being sold. Key data used in this review process includes (i) sales volume history in the various regions; (ii) ageing patterns of inventories; (iii) physical condition of inventories reported by the store managers; and (iv) recommended selling prices set by brand owners. We identified the valuation of inventories as a key audit matter because of the significant judgement required to be exercised by management in determining an appropriate inventory provision, which involves predicting the amounts of inventories which will be unsold at the end of each reporting period and the discounts necessary to offer in order to sell such off-season inventories through outlets and other channels in the following years. Both of these factors can be inherently uncertain.	• assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing bracket by comparing individual items with the underlying packing lists; • comparing the carrying amount of the inventories at the reporting date to their net realisable value through review of sales of inventories subsequent to the reporting date; • assessing the Group's inventory provision policy by comparing management's forecasts of the amounts of inventories within each age bracket which will be unsold at the end of each reporting period with historical sales data for the current and prior years; • comparing inventory balances by season or ageing, where applicable, with respective balances in prior years and movements by season or ageing, where applicable, against historical movements to identify inventories which are relatively slow moving; and • enquiring of the Executive Directors and senior members of the sales team about any expected changes in plans for markdowns or disposals of off-season inventories and comparing their representations with actual sales transactions subsequent to the reporting date.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheng Pui Ngar.

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

Hong Kong, 3rd June, 2019

	NOTE	**2019** *HK$'000*	2018 *HK$'000*
Revenue	2	**4,009,422**	3,635,599
Cost of sales		**(2,013,275)**	(1,948,219)
Gross profit		**1,996,147**	1,687,380
Other income	3	**248,697**	29,100
Selling and distribution expenses		**(1,553,635)**	(1,316,334)
Administrative expenses		**(207,386)**	(175,618)
Other operating expenses		**(55,284)**	(60,705)
Operating profit		**428,539**	163,823
Finance costs		**(3,531)**	(1,557)
Share of profit / (loss) of an associated company		**1**	(1)
Profit before taxation	4	**425,009**	162,265
Taxation	7	**(21,203)**	(10,456)
Profit for the year attributable to equity shareholders of the Company		**403,806**	151,809
Earnings per share (basic and diluted)	9	**101.1 cents**	39.2 cents

The notes on pages 55 to 118 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in Note 8.

	2019	2018
	HK$'000	*HK$'000*
Profit for the year	**403,806**	151,809
Other comprehensive income for the year :		
Item that will not be reclassified to profit or loss :		
Remeasurement of net defined benefit liability (after tax expense of HK$14,000 (2018 : tax credit of HK$10,000))	**194**	348
Item that may be reclassified subsequently to profit or loss :		
Exchange differences on translation of financial statements of overseas subsidiary and associated companies (Note (a))	**(33,489)**	33,022
Other comprehensive income for the year	**(33,295)**	33,370
Total comprehensive income for the year attributable to equity shareholders of the Company	**370,511**	185,179

Notes :-

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

(b) The Group has initially applied HKFRS 15 and HKFRS 9 at 1st April, 2018. Under the transition methods chosen, comparative information is not restated.

The notes on pages 55 to 118 form part of these financial statements.

	NOTE	**2019** *HK$'000*	2018 *HK$'000*
Non-current assets			
Property, plant and equipment	10	**65,347**	110,781
Interest in an associated company	11	**24,188**	25,895
Deferred tax assets	18(a)	**2,958**	3,171
Other financial assets	12	**489,621**	215,869
		582,114	355,716
Current assets			
Inventories	13	**415,440**	472,271
Debtors, deposits and prepayments	14	**333,497**	317,427
Tax recoverable	7(c)	**1,152**	2,138
Other financial assets	12	**351,612**	175,793
Cash and bank balances	15	**1,739,142**	1,754,795
		2,840,843	2,722,424
Current liabilities			
Bank loans	16	**–**	126,439
Bills payable		**–**	9
Creditors, accruals and provisions	17	**832,999**	652,546
Taxation	7(c)	**23,946**	18,977
		856,945	797,971
Net current assets		**1,983,898**	1,924,453
Total assets less current liabilities		**2,566,012**	2,280,169
Non-current liabilities			
Deferred tax liabilities	18(a)	**21,607**	24,417
Amount due to an associated company	11	**23,612**	25,272
Net assets		**2,520,793**	2,230,480
Capital and reserves			
Share capital	19	**119,999**	117,975
Reserves	20	**2,400,794**	2,112,505
Total equity attributable to equity shareholders of the Company		**2,520,793**	2,230,480

Approved and authorised for issue by the Board of Directors on 3rd June, 2019.

Dickson Poon
Group Executive Chairman

Chan Hon Chung, Johnny Pollux
Executive Director

Note :-

The Group has initially applied HKFRS 15 and HKFRS 9 at 1st April, 2018. Under the transition methods chosen, comparative information is not restated.

The notes on pages 55 to 118 form part of these financial statements.

	Attributable to equity shareholders of the Company				
	Share capital *HK$'000* (Note 19)	**Share premium** *HK$'000* (Note 20(a)(i))	**Exchange reserve** *HK$'000* (Note 20(a)(ii))	**Retained profits** *HK$'000*	**Total** *HK$'000*
Balance at 31st March, 2018	**117,975**	**509,856**	**147,150**	**1,455,499**	**2,230,480**
Impact on initial application of HKFRS 9	**–**	**–**	**–**	**23,829**	**23,829**
Adjusted balance at 1st April, 2018	**117,975**	**509,856**	**147,150**	**1,479,328**	**2,254,309**
Dividends approved / paid in respect of prior year (Note 8(b))					
– by means of cash	**–**	**–**	**–**	**(29,275)**	**(29,275)**
– by means of scrip dividend (Note 19)	**5,478**	**55,695**	**–**	**(61,173)**	**–**
Dividends declared / paid in respect of the current year (Note 8(a))					
– by means of cash	**–**	**–**	**–**	**(32,162)**	**(32,162)**
Repurchases of shares of the Company	**(3,454)**	**(39,136)**	**–**	**–**	**(42,590)**
Profit for the year	**–**	**–**	**–**	**403,806**	**403,806**
Other comprehensive income for the year	**–**	**–**	**(33,489)**	**194**	**(33,295)**
Balance at 31st March, 2019	**119,999**	**526,415**	**113,661**	**1,760,718**	**2,520,793**

	Attributable to equity shareholders of the Company				
	Share capital *HK$'000* (Note 19)	Share premium *HK$'000* (Note 20(a)(i))	Exchange reserve *HK$'000* (Note 20(a)(ii))	Retained profits *HK$'000*	Total *HK$'000*
Balance at 1st April, 2017	114,135	476,065	114,128	1,368,019	2,072,347
Dividends approved / paid in respect of prior year (Note 8(b))					
– by means of cash	–	–	–	(27,046)	(27,046)
– by means of scrip dividend (Note 19)	3,840	33,791	–	(37,631)	–
Profit for the year	–	–	–	151,809	151,809
Other comprehensive income for the year	–	–	33,022	348	33,370
Balance at 31st March, 2018	117,975	509,856	147,150	1,455,499	2,230,480

Note :-

The Group has initially applied HKFRS 15 and HKFRS 9 at 1st April, 2018. Under the transition methods chosen, comparative information is not restated.

The notes on pages 55 to 118 form part of these financial statements.

	NOTE	**2019** HK$'000	**2019** HK$'000	2018 HK$'000	2018 HK$'000
Profit before taxation		**425,009**		162,265	
Adjustments for :-					
Depreciation	4	**44,205**		58,136	
Dividend income from listed securities		**–**		(3,285)	
Impairment loss on property, plant and equipment	4	**73,608**		–	
Interest income		**(22,506)**		(17,334)	
Interest expenses	4, 21	**3,531**		1,557	
Share of (profit) / loss of an associated company		**(1)**		1	
Gain on disposal of a subsidiary company	3	**(220,012)**		–	
Loss / (gain) on disposal of property, plant and equipment	3	**263**		(3,862)	
Provisions	4	**101,751**		–	
Unrealised loss arising on change in fair value of trading securities		**–**		16,425	
Net realised and unrealised gain arising on unlisted equity securities (not held for trading)	3	**(7,438)**		–	
Net loss / (gains) from financial assets designated at fair value through profit or loss		**566**		(3,075)	
Operating profit before changes in working capital		**398,976**		210,828	
Decrease in inventories		**43,942**		187,669	
Increase in debtors, deposits and prepayments		**(16,366)**		(28,264)	
Increase in other financial assets – listed equity securities / investment in securities held for trading		**(133,578)**		(164,425)	
Decrease in bills payable		**(9)**		(888)	
Increase in creditors, accruals and provisions		**4,969**		54,777	
Effect of foreign exchange rate changes		**(5,256)**		3,653	
Cash generated from operations		**292,678**		263,350	
Hong Kong profits tax (paid) / refunded (net)		**(2,130)**		576	
Overseas tax paid (net)		**(12,663)**		(7,353)	
Net cash generated from operating activities			**277,885**		256,573

		2019		2018	
	NOTE	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*
Investing activities					
Payment for purchase of property, plant and equipment		**(28,882)**		(32,624)	
Payment for purchase of other financial assets		**(374,182)**		(39,045)	
Proceeds from disposal of a subsidiary company	30	**246,943**		–	
Proceeds from disposal of property, plant and equipment		**72**		10,590	
Net proceeds from sale / redemption of other financial assets		**88,890**		50,863	
Interest received		**22,506**		20,968	
Increase in bank deposits with original maturity over three months		**(921,096)**		–	
Net cash (used in) / generated from investing activities			**(965,749)**		10,752
Financing activities					
Payment for repurchases of shares		**(42,590)**		–	
Repayment of bank loans	21	**(126,439)**		(44,321)	
Proceeds from new bank loans	21	**–**		126,439	
Interest paid	21	**(3,531)**		(1,557)	
Dividends paid		**(61,437)**		(27,046)	
Net cash (used in) / generated from financing activities			**(233,997)**		53,515
Net (decrease) / increase in cash and cash equivalents			**(921,861)**		320,840
Cash and cash equivalents at 1st April	15		**1,754,795**		1,420,372
Effect of foreign exchange rate changes			**(14,888)**		13,583
Cash and cash equivalents at 31st March	15		**818,046**		1,754,795

The notes on pages 55 to 118 form part of these financial statements.

1. *PRINCIPAL ACCOUNTING POLICIES*

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(w) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see Note 32).

(a) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31st March, 2019 comprise the Company and its subsidiary companies (together referred to as "the Group") and the Group's interest in an associated company.

The measurement basis used in the preparation of the financial statements is the historical cost basis except as otherwise stated in the accounting policies set out below.

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

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

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

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

(b) Subsidiary companies and non-controlling interests

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

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

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

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

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

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

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

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

(c) Associated company

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

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

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

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

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

(d) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiary companies, and an associated company are set out below.

Investments in debt and equity securities are recognised / derecognised on the date the Group commits to purchase / sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVTPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 27. These investments are subsequently accounted for as follows, depending on their classification.

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

(d) Other investments in debt and equity securities *(cont'd)*

(A) Policy applicable from 1st April, 2018

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories :-

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 1(q)(iii)).

— fair value through other comprehensive income ("FVTOCI") – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses ("ECLs"), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purpose and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basic, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as revenue in accordance with the policy set out in Note 1(q)(v).

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

(d) Other investments in debt and equity securities *(cont'd)*

(B) Policy applicable prior to 1st April, 2018

Investments in securities held for trading were classified as financial assets measured at FVTPL. Any attributable transaction costs were recognised in profit or loss as incurred. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss did not include any interest earned or dividends on these investments as these were recognised in accordance with the policies set out in Notes 1(q)(iii) and (v).

Investments in debt securities were designated at FVTPL upon initial recognition when the assets or liabilities were managed, evaluated and reported internally on a fair value basis. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss included any interest earned on these investments.

Investments in securities which did not fall into any of the above categories were classified as available-for-sale securities. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that did not have a quoted price in an active market for an identical instrument and whose fair value could not otherwise be reliably measured were recognised in the statement of financial position at cost less impairment losses (see Note 1(g)). Interest income from debt securities calculated using the effective interest method and dividend income from equity securities were recognised in profit or loss in accordance with the policies set out in Notes 1(q)(iii) and (v), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities were also recognised in profit or loss.

When the investments were derecognised or impaired (see Note 1(g)), the cumulative gain or loss recognised in equity was reclassified to profit or loss. Investments were recognised / derecognised on the date the Group commits to purchase / sell the investments or they expire.

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

(e) Derivative financial instruments

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

(f) Property, plant and equipment and depreciation

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

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

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

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

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

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

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

(g) Credit losses and impairment of assets

(i) Credit losses from financial instruments

(A) Policy applicable from 1st April, 2018

The Group recognises a loss allowance for ECLs on the following items :-

— financial assets measured at amortised cost (including cash and bank deposits, held-to-maturity debt securities, trade and other receivables).

Financial assets measured at fair value, including equity securities measured at FVTPL and derivative financial assets, are not subject to the expected credit loss ("ECL") assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material :-

— fixed-rate financial assets and trade and other receivables : effective interest rate determined at initial recognition or an approximation thereof; and
— variable-rate financial assets : current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases :-

— 12-month ECLs : these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
— lifetime ECLs : these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances from trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

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

(g) Credit losses and impairment of assets *(cont'd)*

(i) Credit losses from financial instruments *(cont'd)*

(A) Policy applicable from 1st April, 2018 *(cont'd)*

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition :-

— failure to make payments of principal or interest on their contractually due dates;
— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
— an actual or expected significant deterioration in the operating results of the debtor; and
— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instruments' credit risk since initial recognition. Any change in the ECLs amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with Note 1(q)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

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

(g) Credit losses and impairment of assets *(cont'd)*

(i) Credit losses from financial instruments *(cont'd)*

(A) Policy applicable from 1st April, 2018 *(cont'd)*

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events :-

— significant financial difficulties of the debtor;
— a breach of contract, such as a default or delinquency in interest or principal payments;
— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(B) Policy applicable prior to 1st April, 2018

Prior to 1st April, 2018, an "incurred loss" model was used to measure impairment losses on financial assets not classified as at FVTPL (e.g. trade and other receivables, available-for-sale investments and unlisted equity securities carried at cost). Under the "incurred loss" model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included :-

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

If any such evidence existed, the impairment loss for trade and other receivables was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting was material. This assessment was made collectively where these financial assets shared similar risk characteristics, such as similar past due status, and had not been individually assessed as impaired. Future cash flows for financial assets which were assessed for impairment collectively were based on historical loss experience for assets with credit risk characteristics similar to the collective group.

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

(g) Credit losses and impairment of assets *(cont'd)*

(i) Credit losses from financial instruments *(cont'd)*

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

Impairment losses were written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables, whose recovery was considered doubtful but not remote. The impairment losses for doubtful debts were recorded using an allowance account. When the Group was satisfied that recovery was remote, the amount considered irrecoverable was written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt were reversed. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in the consolidated statement of profit or loss.

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

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

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

(ii) Impairment of other non-current assets

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

— property, plant and equipment; and
— investments in subsidiary companies and an associated company.

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

(g) Credit losses and impairment of assets *(cont'd)*

(ii) Impairment of other non-current assets *(cont'd)*

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

— Calculation of recoverable amount

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

— Recognition of impairment losses

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

— Reversals of impairment losses

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

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

(iii) Interim financial reporting and impairment

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

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

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

(h) Inventories

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

Cost is calculated using the first-in, first-out (FIFO) method or weighted average method as appropriate 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.

(i) Leased assets

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

(i) Classification of assets leased to the Group

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

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

(ii) Operating lease charges

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

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

(j) Trade and other receivables

Trade and other receivables are recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Trade and other receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 1(g)(i)).

(k) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 1(s)).

(l) 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.

(m) 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.

(n) Employee benefits

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

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

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

(n) 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 calculation is performed by an independent qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the scheme or reductions in future contributions to the scheme.

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

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

(iii) Termination benefits

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

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

(o) Income tax

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

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

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

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

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

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

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

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

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

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

(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.

(p) 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 specified 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 is initially recognised as deferred income within creditors and accruals. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's accounting policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in the consolidated statement of profit or loss on initial recognition of any deferred income.

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

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

(p) Financial guarantees issued, provisions and contingent liabilities *(cont'd)*

(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. The Group makes provision for the costs of meeting the contractual obligations, net of economic benefits expected to be received. 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.

(q) Revenue recognition

Revenue is recognised when control over a product is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax and is after deduction of any trade discounts, rebates and goods returns.

Further details of the Group's revenue and other income recognition policies are as follows :-

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

Revenue and income are recognised when the control of the goods are considered to have been transferred to the customer.

In the comparative period, revenue from sales of goods was recognised when the customer has accepted the related risks and rewards of ownership.

(ii) Trading of securities investment

The fair value of financial assets held for trading is remeasured at the end of each reporting period, with any resultant gain or loss being recognised as revenue.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 1(g)(i)).

(iv) Royalty income

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

(v) Dividends

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

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

(r) Translation of foreign currencies

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

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

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

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

(s) 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)*

(t) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

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

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(v) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 1(q)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 1(j)).

(w) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements :-

— HKFRS 9, *Financial instruments*
— HKFRS 15, *Revenue from contracts with customers*

The Group has been impacted by HKFRS 9 in relation to classification and measurement of financial assets and impacted by HKFRS 15 in relation to presentation of contract liabilities. Details of the changes in accounting policies are discussed in Note 1(w)(i) for HKFRS 9 and Note 1(w)(ii) for HKFRS 15.

(i) HKFRS 9, *Financial instruments*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1st April, 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1st April, 2018. Therefore, comparative information continues to be reported under HKAS 39.

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

(w) Changes in accounting policies *(cont'd)*

(i) HKFRS 9, *Financial instruments (cont'd)*

(1) Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at FVTOCI and at FVTPL. These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories :-

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

— FVTOCI - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECLs, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

— FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI (non-recycling), are recognised in profit or loss.

The Group decides not to elect this designation option (irrevocably designate as FVTOCI) for any of the investments held on 1st April, 2018 and will recognise any fair value changes in respect of these investments in profit or loss as they arise.

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

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

(w) Changes in accounting policies *(cont'd)*

(i) HKFRS 9, *Financial instruments (cont'd)*

(1) Classification of financial assets and financial liabilities *(cont'd)*

	HKAS 39 carrying amount at 31st March, 2018	Reclassification	Remeasurement	HKFRS 9 carrying amount at 1st April, 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets carried at FVTPL				
Unlisted equity securities	–	215,869	23,829	239,698
Listed equity securities held for trading	148,000	–	–	148,000
Listed debt securities	27,793	–	–	27,793
	175,793	215,869	23,829	415,491
Financial assets classified as available-for-sales under HKAS 39				
Unlisted equity securities	215,869	(215,869)	–	–

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1st April, 2018 have not been impacted by initial application of HKFRS 9.

(2) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to debtors, deposits and prepayments. The adoption of the new ECL model has no significant impact to the consolidated financial statements of the Group.

(ii) HKFRS 15, *Revenue from contracts with customer*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services.

Further details of the nature and effect of the changes on previous accounting policies are set out below :-

(1) Timing of revenue recognition

The adoption of HKFRS 15 does not have a significant impact on the Group's revenue recognition.

(2) Presentation of contract liabilities

Under HKFRS 15, a contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. Such balances are recognised as contract liabilities rather than payables.

As a result of this new presentation, the Group has reclassified "advances received from gift certificates" and "receipt in advance" totalling to HK$20,698,000 as at 1st April, 2018 which were previously included in other creditors, accruals and provisions to contract liabilities under creditors, accruals and provisions.

2. *REVENUE / SEGMENTAL INFORMATION*

(a) Revenue

The principal activities of the Group are the Sale of Luxury Goods and Securities Investment.

Revenue represents the invoiced value of goods sold less discounts and returns, income from concession and consignment sales, net gain / (loss) on debt securities and securities held for trading, dividend income, and interest income from debt securities and short-term bank deposits under Securities Investment segment.

The amount of each significant category of revenue is as follows :-

	2019	2018
	HK$'000	*HK$'000*
Revenue from Sale of Luxury Goods and net income from concession and consignment sales		
Fashion and accessories	**1,323,932**	1,357,650
Watches and jewellery	**1,341,658**	1,129,172
Cosmetics and beauty products	**1,330,689**	1,142,623
	3,996,279	3,629,445
Revenue from Securities Investment	**13,143**	6,154
	4,009,422	3,635,599

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*.

(b) Segment reporting

The Group manages its businesses by divisions. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group has presented the following two reportable segments :-

Sale of Luxury Goods business : The sale of luxury goods to retail and wholesale customers and net income from concession and consignment sales.

Securities Investment business : The investment in listed and unlisted securities.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases :-

Revenue and expenses are allocated to the reportable segments with reference to the sales generated and expenses incurred by those segments. The measure used for reporting segment profit / (loss) is adjusted profit / (loss) before taxation. The adjusted profit / (loss) before taxation is measured consistently with the Group's profit / (loss) before taxation except that certain interest income, unallocated expenses and certain finance costs are excluded from such measurement.

Segment assets include all current and non-current assets of individual assets with the exception of other unallocated corporate assets.

Segment liabilities include creditors and accruals and bills payable attributable to the operation of individual segments and bank loans managed directly by the segments.

2. *REVENUE / SEGMENTAL INFORMATION* *(cont'd)*

(b) Segment reporting *(cont'd)*

Information regarding the Group's reportable segments for the years ended 31st March, 2019 and 31st March, 2018 respectively is set out below.

	Sale of Luxury Goods		Securities Investment		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**3,996,279**	3,629,445	**13,143**	6,154	**4,009,422**	3,635,599
Reportable segment revenue	**3,996,279**	3,629,445	**13,143**	6,154	**4,009,422**	3,635,599
Reportable segment profit	**500,605**	247,113	**15,779**	6,463	**516,384**	253,576
Reportable segment assets	**1,744,303**	1,923,391	**1,000,000**	1,126,439	**2,744,303**	3,049,830
Interest in an associated company	**24,188**	25,895	**–**	–	**24,188**	25,895
Additions to non-current segment assets during the year	**100,459**	32,218	**–**	–	**100,459**	32,218
Reportable segment liabilities	**1,158,711**	1,301,600	**916,931**	1,059,149	**2,075,642**	2,360,749

	Sale of Luxury Goods		Securities Investment		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment profit included :						
Interest income	**3,116**	869	**16,000**	8,256	**19,116**	9,125
Interest expenses	**(1)**	(114)	**(3,530)**	(1,443)	**(3,531)**	(1,557)
Depreciation	**(41,739)**	(53,291)	**–**	–	**(41,739)**	(53,291)
Share of profit / (loss) of an associated company	**1**	(1)	**–**	–	**1**	(1)
Loss on disposal of property, plant and equipment	**(266)**	(1,433)	**–**	–	**(266)**	(1,433)
Impairment loss on property, plant and equipment	**(73,608)**	–	**–**	–	**(73,608)**	–
Provisions	**(101,751)**	–	**–**	–	**(101,751)**	–
Gain on disposal of a subsidiary company	**220,012**	–	**–**	–	**220,012**	–

2. REVENUE / SEGMENTAL INFORMATION *(cont'd)*

(b) Segment reporting *(cont'd)*

(ii) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

Revenue

No reconciliation of revenue is required as the total reportable segments' figure is equal to the Group's consolidated figure.

	2019	2018
	HK$'000	*HK$'000*
Profit		
Reportable segment profit	**516,384**	253,576
Unallocated interest income and other revenue	**19,796**	21,451
Other unallocated central overheads	**(111,171)**	(112,762)
Consolidated profit before taxation	**425,009**	162,265

	2019	2018
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**2,744,303**	3,049,830
Elimination of inter-segment receivables	**(610,593)**	(602,584)
Other unallocated corporate assets	**1,289,247**	630,894
Consolidated total assets	**3,422,957**	3,078,140

	2019	2018
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**2,075,642**	2,360,749
Elimination of inter-segment payables	**(1,197,078)**	(1,529,890)
Unallocated corporate liabilities	**23,600**	16,801
Consolidated total liabilities	**902,164**	847,660

(iii) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment and interest in an associated company. The geographical location of customers is based on the location at which the goods are delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of operations, in the case of interest in an associated company.

	Revenues from external customers		**Specified non-current assets**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**3,189,160**	2,766,879	**43,399**	85,697
Taiwan	**627,713**	643,921	**18,015**	16,763
China	**62,893**	102,327	**25,088**	27,694
Singapore and Malaysia	**92,673**	82,230	**3,032**	5,977
Other territories	**36,983**	40,242	**1**	545
	820,262	868,720	**46,136**	50,979
Total	**4,009,422**	3,635,599	**89,535**	136,676

3. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Net realised and unrealised gain on unlisted equity securities	**7,438**	–
Interest income	**22,506**	11,694
Gain on disposal of a subsidiary company (Note)	**220,012**	–
(Loss) / gain on disposal of property, plant and equipment	**(263)**	3,862
Net foreign exchange (loss) / gain	**(996)**	13,544
	248,697	29,100

Note :-

During the year ended 31st March, 2019, the Group disposed of its entire equity interest in Melborn Property Limited (formerly known as Dickson Warehousing Limited), a wholly-owned subsidiary company, in the sales of luxury goods segment to an independent third party, at a total cash consideration of HK$250,000,000 and a gain on disposal of a subsidiary company amounting to HK$220,012,000 was recognised in profit or loss during the year (2018 : Nil).

4. PROFIT BEFORE TAXATION

	2019	2018
	HK$'000	*HK$'000*
Profit before taxation is arrived at after charging / (crediting) :-		
Auditors' remuneration		
– audit services	**4,930**	4,879
– other services	**1,078**	40
Cost of inventories (Note 13)	**2,015,744**	1,951,320
Depreciation (Note 10)	**44,205**	58,136
Impairment loss on property, plant and equipment (Note 10)	**73,608**	–
Impairment loss on trade debtors written back	**(361)**	(734)
Interest on bank overdrafts and loans repayable within five years	**3,531**	1,557
Operating lease charges for hire of plant and machinery, and other assets	**1,665**	2,133
Operating lease charges in respect of land and buildings		
– minimum lease payments	**495,176**	490,456
– contingent rent	**283,454**	235,882
Provisions (Note)	**101,751**	–
Staff costs	**434,804**	434,684
Including :-		
Contributions to defined contribution retirement schemes	**18,503**	18,947
Expenses recognised in respect of defined benefit retirement scheme	**121**	113

Note :-

A provision of HK$101,751,000 was recognised in the selling and distribution expenses for the year ended 31st March, 2019 for net costs of meeting contractual obligations, taking into account the economic benefits expected to be derived.

5. *DIRECTORS' REMUNERATION*

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

	Directors' fees *HK$'000*	**Salaries, allowances and benefits in kind** *HK$'000*	**Discretionary bonuses** *HK$'000*	**Retirement scheme contributions** *HK$'000*	**2019 Total** *HK$'000*
Executive directors					
Dickson Poon	**10**	**5,779**	**5,000**	**18**	**10,807**
Chan Hon Chung, Johnny Pollux	**10**	**1,825**	**2,500**	**18**	**4,353**
Lau Yu Hee, Gary	**10**	**2,257**	**773**	**15**	**3,055**
Poon Dickson Pearson Guanda (appointed on 14th December, 2018)	**–**	**448**	**400**	**5**	**853**
Independent non-executive directors					
Bhanusak Asvaintra	**223**	**–**	**–**	**–**	**223**
Nicholas Peter Etches	**225**	**–**	**–**	**–**	**225**
Leung Kai Hung, Michael	**225**	**–**	**–**	**–**	**225**
	703	**10,309**	**8,673**	**56**	**19,741**

	Directors' fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary bonuses *HK$'000*	Retirement scheme contributions *HK$'000*	2018 Total *HK$'000*
Executive directors					
Dickson Poon	10	5,606	2,600	18	8,234
Chan Tsang Wing, Nelson	10	3,370	1,569	14	4,963
Chan Hon Chung, Johnny Pollux	10	1,806	1,800	18	3,634
Lau Yu Hee, Gary	10	2,194	61	18	2,283
Independent non-executive directors					
Bhanusak Asvaintra	225	–	–	–	225
Nicholas Peter Etches	225	–	–	–	225
Leung Kai Hung, Michael	225	–	–	–	225
	715	12,976	6,030	68	19,789

6. REMUNERATION OF THE FIVE HIGHEST PAID INDIVIDUALS

Among the five highest paid individuals, three (2018 : three) are directors whose remuneration are disclosed in Note 5. The aggregate of the remuneration of the other two (2018 : two) highest paid individuals are as follows :-

	2019	2018
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**6,051**	5,904
Discretionary bonuses	**2,727**	2,036
Retirement scheme contributions	**46**	46
	8,824	7,986

The remuneration of the two (2018 : two) individuals falls within the following bands :-

	2019	2018
	Number of individuals	*Number of individuals*
HK$2,500,001 – 3,000,000	**–**	1
HK$3,500,001 – 4,000,000	**1**	–
HK$4,500,001 – 5,000,000	**1**	–
HK$5,000,001 – 5,500,000	**–**	1
	2	2

7. *TAXATION*

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

	2019	2018
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**3,810**	270
Under-provision in respect of prior years	**23**	40
	3,833	310
Current tax – Overseas		
Provision for the year	**17,297**	10,517
Under-provision in respect of prior years	**15**	253
	17,312	10,770
Deferred tax		
Origination and reversal of temporary differences (Note 18(a))	**58**	(624)
Total income tax expense	**21,203**	10,456

The provision for Hong Kong Profits Tax for 2019 is calculated at 16.5 per cent. (2018 : 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 :-

	2019	2018
	HK$'000	*HK$'000*
Profit before taxation	**425,009**	162,265
Notional tax on accounting profit calculated at applicable tax rates	**72,521**	24,949
Tax effect of non-deductible expenses	**34,648**	7,897
Tax effect of non-taxable income	**(52,008)**	(12,523)
Tax effect of prior years' unrecognised tax losses utilised this year	**(42,792)**	(19,085)
Tax effect of temporary differences not recognised	**884**	3,665
Tax effect of unused tax losses not recognised	**7,912**	5,260
Under-provision in prior years	**38**	293
Actual tax expense	**21,203**	10,456

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

8. *DIVIDENDS*

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

	2019	2018
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK8 cents per ordinary share (2018 : Nil)	**32,162**	–
Final dividend proposed after the end of the reporting period of HK27 cents (2018 : HK23 cents) per ordinary share	**108,000**	90,448

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

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

	2019	2018
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK23 cents (2017 : HK17 cents) per ordinary share	**90,448**	64,677

9. *EARNINGS PER SHARE*

The calculation of basic and diluted earnings per share is based on the profit for the year attributable to ordinary equity shareholders of the Company of HK$403,806,000 (2018 : HK$151,809,000) and the weighted average number of 399,313,848 ordinary shares (2018 : 387,675,621 ordinary shares) in issue during the year.

Weighted average number of ordinary shares

	2019 Number of shares *Thousands*	2018 Number of shares *Thousands*
Issued ordinary shares at 1st April	**393,251**	380,452
Effect of scrip dividend	**10,156**	7,224
Effect of repurchase of shares	**(4,093)**	–
Weighted average number of ordinary shares at 31st March	**399,314**	387,676

Basic earnings per share are the same as diluted earnings per share for both years as the Company has no dilutive potential shares outstanding for both years.

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Furniture, fixtures, equipment and others *HK$'000*	Total *HK$'000*
Cost :-				
At 1st April, 2018	**108,872**	**394,154**	**255,620**	**758,646**
Exchange difference	**–**	**(7,147)**	**(1,482)**	**(8,629)**
Additions	**–**	**71,734**	**29,389**	**101,123**
Disposals	**–**	**(21,813)**	**(15,703)**	**(37,516)**
Disposed of through disposal of a subsidiary company	**(52,523)**	**–**	**–**	**(52,523)**
At 31st March, 2019	**56,349**	**436,928**	**267,824**	**761,101**
Aggregate depreciation :-				
At 1st April, 2018	**56,391**	**352,629**	**238,845**	**647,865**
Exchange difference	**–**	**(5,949)**	**(1,309)**	**(7,258)**
Charge for the year	**2,133**	**35,531**	**6,541**	**44,205**
Impairment loss	**–**	**47,000**	**26,608**	**73,608**
Written back on disposals	**–**	**(21,670)**	**(15,511)**	**(37,181)**
Disposed of through disposal of a subsidiary company	**(25,485)**	**–**	**–**	**(25,485)**
At 31st March, 2019	**33,039**	**407,541**	**255,174**	**695,754**
Net book value :-				
At 31st March, 2019	**23,310**	**29,387**	**12,650**	**65,347**
Cost :-				
At 1st April, 2017	108,872	386,537	284,250	779,659
Exchange difference	–	8,399	2,054	10,453
Additions	–	22,576	10,048	32,624
Disposals	–	(23,358)	(40,732)	(64,090)
At 31st March, 2018	108,872	394,154	255,620	758,646
Aggregate depreciation :-				
At 1st April, 2017	53,805	328,679	256,388	638,872
Exchange difference	–	6,458	1,761	8,219
Charge for the year	2,586	38,829	16,721	58,136
Written back on disposals	–	(21,337)	(36,025)	(57,362)
At 31st March, 2018	56,391	352,629	238,845	647,865
Net book value :-				
At 31st March, 2018	52,481	41,525	16,775	110,781

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

Net book value of land and buildings comprises :-

	2019	2018
	HK$'000	*HK$'000*
Long-term leases in Hong Kong	**23,310**	24,807
Medium-term lease in Hong Kong	**–**	27,674
	23,310	52,481

During the year ended 31st March, 2019, management performed an impairment assessment on certain property, plant and equipment of the Group's retail store in accordance with the accounting policy on impairment of assets. Based on the assessment, an impairment loss of HK$73,608,000 was recognised in respect of the respective property, plant and equipment and charged to the consolidated statement of profit or loss. The recoverable amounts of these property, plant and equipment were determined based on the estimated future cash flows generated from these retail stores for the remaining non-cancellable lease term of the respective retails stores at a discount rate of 6.2 per cent..

11. INTEREST IN AN ASSOCIATED COMPANY

	2019	2018
	HK$'000	*HK$'000*
Share of net assets	**24,188**	25,895

The information of the associated company :-

	2019	2018
	HK$'000	*HK$'000*
The carrying amount of this associated company in the consolidated financial statements	**24,188**	25,895
The amount of the Group's share of this associated company		
Post-tax profit / (loss)	**1**	(1)
Other comprehensive income	**(1,708)**	2,542
Total comprehensive income	**(1,707)**	2,541

Amount due to an associated company is interest free, unsecured, has no fixed terms of repayment and not expected to be repayable within 12 months.

12. OTHER FINANCIAL ASSETS

Other financial assets comprise :-

	2019	2018
	HK$'000	*HK$'000*
Non-current assets		
Unlisted available-for-sale equity securities	–	215,869
Unlisted equity securities designated at fair value through profit or loss	**224,710**	–
Listed debt securities measured at amortised cost	**264,911**	–
	489,621	215,869
Current assets		
Listed equity securities held for trading	**211,359**	148,000
Investment in securities held for trading at fair value	**70,219**	–
Listed debt securities designated at fair value through profit or loss	–	27,793
Listed debt securities measured at amortised cost	**70,034**	–
	351,612	175,793
	841,233	391,662

13. INVENTORIES

	2019	2018
	HK$'000	*HK$'000*
Finished goods	**415,440**	472,271

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

	2019	2018
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**2,013,275**	1,948,219
Write-down of inventories	**2,469**	3,101
	2,015,744	1,951,320

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.

14. DEBTORS, DEPOSITS AND PREPAYMENTS

	2019	2018
	HK$'000	*HK$'000*
Trade debtors	**133,158**	125,949
Less : loss allowance	**(5,068)**	(5,586)
	128,090	120,363
Other debtors, deposits and prepayments	**205,407**	197,064
	333,497	317,427

All debtors, deposits and prepayments of the Group, apart from certain rental deposits totalling HK$133,203,000 (2018 : HK$133,450,000), 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 loss allowance) with the following ageing analysis based on due date as at the end of the reporting period :-

	2019	2018
	HK$'000	*HK$'000*
Current	**127,954**	120,119
1 to 30 days overdue	**–**	244
31 to 60 days overdue	**–**	–
Over 60 days overdue	**136**	–
Amounts overdue	**136**	244
	128,090	120,363

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

15. CASH AND BANK BALANCES

Cash and bank balances comprise :-	**2019**	2018
	HK$'000	*HK$'000*
Cash and cash equivalents in the consolidated cash flow statement	**818,046**	1,754,795
Deposits with original maturity over three months	**921,096**	–
Cash and bank balances	**1,739,142**	1,754,795

The effective deposit interest rates at the end of the reporting period for the Group is 1.98 per cent. (2018 : 1.17 per cent.). Their refixing dates are all within one year.

16. BANK LOANS

At 31st March, 2018, the bank loans were repayable within one year and were secured as follows :-

	2019	2018
	HK$'000	*HK$'000*
Secured	**–**	126,439

At 31st March, 2018, the banking facilities of a subsidiary company were secured by a charge over certain equity securities with carrying value of HK$148,000,000. The effective borrowing interest rate at 31st March, 2018 for the Group was 1.68 per cent..

17. CREDITORS, ACCRUALS AND PROVISIONS

	31st March, 2019	1st April, 2018	31st March, 2018
	HK$'000	*HK$'000*	*HK$'000*
Trade creditors	**273,117**	277,404	277,404
Contract liabilities (Note 17(a))	**16,711**	20,698	–
Net defined benefit asset	**(850)**	(711)	(711)
Provisions	**101,751**	–	–
Other creditors and accruals	**442,270**	355,155	375,853
	832,999	652,546	652,546

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

	2019	2018
	HK$'000	*HK$'000*
Current	**272,918**	277,189
1 to 30 days overdue	**151**	179
31 to 60 days overdue	**32**	36
Over 60 days overdue	**16**	–
	273,117	277,404

The amount of the Group's creditors, accruals and provisions expected to be settled after more than one year is HK$135,517,000 (2018 : HK$66,144,000).

17. *CREDITORS, ACCRUALS AND PROVISIONS* *(cont'd)*

The Group initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance at 1st April, 2018.

(a) Contract liabilities

	31st March, 2019	1st April, 2018
	HK$'000	*HK$'000*
Advances received from gift certificates	**6,922**	8,803
Receipt in advance	**9,789**	11,895
	16,711	20,698

Movement of contract liabilities :-

	2019
	HK$'000
At 1st April, 2018	**20,698**
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(17,098)**
Increase in contract liabilities as a result of issuance of gift certificate	**6,394**
Increase in contract liabilities as a result of increase in receipts in advance	**6,717**
At 31st March, 2019	**16,711**

As at 31st March, 2019, the amount of contract liabilities expected to be recognised as revenue after more than one year is HK$2,373,000.

18. DEFERRED TAXATION

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

	2019	2018
	HK$'000	*HK$'000*
Deferred tax assets	**(2,958)**	(3,171)
Deferred tax liabilities	**21,607**	24,417
	18,649	21,246

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

Deferred tax arising from :-	**Depreciation allowances in excess of the related depreciation**	**Undistributed profits of subsidiary companies**	**Other temporary differences**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At 1st April, 2018	**2,520**	**21,897**	**(3,171)**	**21,246**
Exchange difference	**–**	**(738)**	**173**	**(565)**
Disposal of a subsidiary company	**(2,104)**	**–**	**–**	**(2,104)**
Charged to the consolidated statement of profit or loss	**32**	**–**	**26**	**58**
Charged to reserve	**–**	**–**	**14**	**14**
At 31st March, 2019	**448**	**21,159**	**(2,958)**	**18,649**
At 1st April, 2017	2,585	21,897	(2,460)	22,022
Exchange difference	–	–	(142)	(142)
Credited to the consolidated statement of profit or loss	(65)	–	(559)	(624)
Credited to reserve	–	–	(10)	(10)
At 31st March, 2018	2,520	21,897	(3,171)	21,246

18. DEFERRED TAXATION *(cont'd)*

(b) Deferred tax assets not recognised

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

	2019	2018
	HK$'000	*HK$'000*
Deductible temporary differences	**37,642**	33,345
Future benefit of tax losses	**115,392**	144,242
	153,034	177,587

The Group has not recognised deferred tax assets in respect of accumulated 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 can be offset in the foreseeable future. HK$25,561,000 (2018 : HK$36,402,000) future benefit of tax losses will expire within a range of 1 to 5 years from 1st April, 2019. The remaining balance of tax losses has no expiry date under current tax legislation.

(c) Deferred tax liabilities not recognised

At 31st March, 2019, temporary differences relating to the undistributed profits of a subsidiary company amounted to HK$285,967,000 (2018 : HK$293,715,000). Deferred tax liabilities of HK$60,053,000 (2018 : HK$47,288,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of this subsidiary company and that it is probable that retained profits will not be distributed in the foreseeable future.

19. SHARE CAPITAL

	2019		2018	
	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	**393,251**	**117,975**	380,452	114,135
New ordinary shares issued under scrip dividend scheme	**18,260**	**5,478**	12,799	3,840
Repurchases of shares	**(11,513)**	**(3,454)**	–	–
Balance carried forward	**399,998**	**119,999**	393,251	117,975

19. SHARE CAPITAL *(cont'd)*

During the year ended 31st March, 2018, 12,799,586 new fully paid ordinary shares were issued and allotted at HK$2.94 per share to the shareholders who elected to receive new ordinary shares in lieu of cash pursuant to the scrip dividend scheme in relation to the final dividend for the year ended 31st March, 2017.

During the year ended 31st March, 2019, 18,260,477 new fully paid ordinary shares were issued and allotted at HK$3.35 per share to the shareholders who elected to receive new ordinary shares in lieu of cash pursuant to the scrip dividend scheme in relation to the final dividend for the year ended 31st March, 2018.

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

During the year ended 31st March, 2019, the Company repurchased a total of 11,513,500 ordinary shares on the Stock Exchange at an aggregate purchase price (excluding expenses) of HK$42,404,220. Such repurchased shares were subsequently cancelled during the year ended 31st March, 2019 and on 16th April, 2019 respectively. Details of the ordinary shares repurchased on the Stock Exchange during the year ended 31st March, 2019 are as follows :-

Month of repurchase	**Number of ordinary shares repurchased**	**Highest purchase price per ordinary share**	**Lowest purchase price per ordinary share**	**Aggregate purchase price (excluding expenses)**
		HK$	*HK$*	*HK$*
August 2018	346,000	3.45	3.40	1,186,170
September 2018	1,543,500	3.51	3.41	5,323,755
October 2018	3,832,000	3.55	3.41	13,370,755
December 2018	3,989,000	3.88	3.79	15,452,435
January 2019	256,500	3.85	3.62	967,030
February 2019	641,500	3.90	3.76	2,479,135
March 2019	905,000	4.05	3.80	3,624,940

As a result of the above share repurchases, the issued share capital of the Company was accordingly reduced by the par value of the aforesaid repurchased ordinary shares which were cancelled during the year ended 31st March, 2019 and on 16th April, 2019 respectively. As at the date of these financial statements, the number of issued shares of the Company is 399,998,308 ordinary shares.

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

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

19. SHARE CAPITAL *(cont'd)*

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

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

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

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

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

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

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

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

(c) the nominal value of the shares.

As at 31st March, 2019, no share options had been granted to any of the directors or employees of the Company or any of its subsidiary companies under the Scheme.

20. 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 52.

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, 2018	**117,975**	**509,856**	**487,556**	**1,115,387**
Dividends approved / paid in respect of prior year (Note 8(b))				
– by means of cash	**–**	**–**	**(29,275)**	**(29,275)**
– by means of scrip dividend	**5,478**	**55,695**	**(61,173)**	**–**
Dividends declared / paid in respect of the current year (Note 8(a))				
– by means of cash	**–**	**–**	**(32,162)**	**(32,162)**
Repurchases of shares of the Company (Note 19)	**(3,454)**	**(39,136)**	**–**	**(42,590)**
Profit for the year	**–**	**–**	**122,700**	**122,700**
At 31st March, 2019	**119,999**	**526,415**	**487,646**	**1,134,060**
At 1st April, 2017	114,135	476,065	487,436	1,077,636
Dividends approved / paid in respect of prior year (Note 8(b))				
– by means of cash	–	–	(27,046)	(27,046)
– by means of scrip dividend	3,840	33,791	(37,631)	–
Profit for the year	–	–	64,797	64,797
At 31st March, 2018	117,975	509,856	487,556	1,115,387

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

(a) Nature and purpose of reserves

(i) Share premium

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

(ii) Exchange reserve

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

(b) Distributability of reserves

The distributable reserves of the Company at 31st March, 2019 amounted to HK$487,646,000 (2018 : HK$487,556,000).

(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, 2019 and 31st March, 2018 respectively.

At 31st March, 2019, the Group had no bank loans (2018 : HK$126,439,000). 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, 2018 : Nil).

The Group's capital structure is as follows :-

	The Group	
	2019	2018
	HK$'000	*HK$'000*
Total equity	**2,520,793**	2,230,480

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

21. *OTHER CASH FLOW INFORMATION*

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	2019	2018
	HK$'000	*HK$'000*
Bank loans at 1st April	**126,439**	43,156
Changes from financing cash flows :-		
Proceeds from new bank loans	**–**	126,439
Repayment of bank loans	**(126,439)**	(44,321)
Interest paid	**(3,531)**	(1,557)
Total changes from financing cash flows	**(129,970)**	80,561
Exchange adjustments	**–**	1,165
Other change :-		
Interest expenses	**3,531**	1,557
Bank loans at 31st March	**–**	126,439

Further details of the bank loans are set out in Note 16.

22. *MATERIAL RELATED PARTY TRANSACTIONS*

(a) Key management personnel remuneration

All members of key management personnel are board members and their remuneration is disclosed in Note 5.

(b) Other 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 :-

(i) There was no amount due from an associated company at 31st March, 2019 and 31st March, 2018. The amount due to an associated company at 31st March, 2019 amounted to HK$23,612,000 (2018 : HK$25,272,000), which is interest free, unsecured and has no fixed terms of repayment.

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

	2019	2018
	HK$'000	*HK$'000*
Sales of goods	**15,967**	23,500
Purchases of goods	**29,699**	42,308
Income from the provision of management and supporting service	**5,637**	6,154
Rental income	**16,500**	16,641
Advertising and promotion service expenses	**8,755**	8,693
Commission expenses	**10,290**	6,089

The amounts due from these companies at 31st March, 2019 amounted to HK$2,938,000 (2018 : HK$4,361,000) and the amounts due to these companies at 31st March, 2019 amounted to HK$16,171,000 (2018 : HK$13,957,000), which are interest free, unsecured and have repayment terms ranging from 20 days to 90 days.

(iii) Applicability of the Listing Rules relating to connected transactions

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

23. *EMPLOYEE RETIREMENT BENEFITS*

(a) Defined benefit retirement scheme

The Group makes contributions to a defined benefit retirement scheme which covers certain employees of the Group's Taiwan operation. The scheme is administered by independent trustees with their assets held separately from those of the Group. The scheme is funded by contributions from the Group as determined and approved by the relevant government authorities. The latest independent actuarial valuation of the scheme was at 31st March, 2019 and was prepared by Dr. Magic Lin, Actuary, EA, A.S.A., FAIRC, Ph.D.. The Group has contributed HK$93,000 (2018 : HK$113,000) to the scheme.

The present value of obligations under the scheme is HK$11,208,000 (2018 : HK$11,528,000) with HK$12,058,000 (2018 : HK$12,239,000) covered by plan assets carried at fair value, which are mainly composed of bank deposits.

Current service cost, including net interest on the scheme, of HK$121,000 (2018 : HK$113,000) was charged to profit or loss, with actuarial gain of HK$194,000 (2018 : HK$348,000) recognised in other comprehensive income. Discount rate of 0.8 per cent. (2018 : 1.1 per cent.) and future salary increase of 3.0 per cent. (2018 : 3.2 per cent.) are used by the Group as significant actuarial assumptions for the valuations. Sensitivity analysis on significant actuarial assumptions is not performed as the changes in actuarial assumptions would not have a material effect on the Group's result for the year.

(b) Defined contribution retirement scheme

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

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

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

24. COMMITMENTS

(a) Capital commitments outstanding at 31st March, 2019 not provided for in the financial statements were as follows :-

	2019	2018
	HK$'000	*HK$'000*
Contracted for	**952**	9,592
Authorised but not contracted for	**48**	689
	1,000	10,281

(b) At 31st March, 2019, the total future minimum lease payments under non-cancellable operating leases are payable as follows :-

	2019	2018
	HK$'000	*HK$'000*
Within one year	**444,568**	494,351
After one year but within five years	**826,025**	809,740
After five years	**200,040**	100,800
	1,470,633	1,404,891

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

25. CONTINGENT LIABILITIES

At 31st March, 2019, the Company had the following contingent liabilities in respect of :-

(a) Guarantees of HK$1,003,455,000 (2018 : HK$1,067,817,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK$112,233,000 (2018 : HK$115,773,000) at the end of the reporting period.

(b) Guarantees given to licensors to guarantee the performance by certain subsidiary companies of obligations under certain agreements. The amount due under the agreements was HK$15,273,000 (2018 : HK$16,105,000) at the end of the reporting period.

As at the end of the reporting period, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. No provision was therefore made in this respect at 31st March, 2019 and 31st March, 2018 respectively.

26. FINANCIAL RISK MANAGEMENT

The Group's activities exposed the Group mainly to credit, liquidity, interest rate and foreign exchange risks. The Group is also exposed to equity price risk arising from its investment in equity and debt securities. 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

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade debtors and investments in debt securities. The Group's exposure to credit risk arising from cash and bank balances is limited because the counterparties are major banks, for which the Group considers to have low credit risk. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

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.

(i) Trade debtors

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 debtors at each end of the reporting period to ensure that adequate loss allowances 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.

Further quantitative disclosure in respect of the Group's exposure to credit risk arising from trade debtors are set out in Note 14.

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

(a) Credit risk *(cont'd)*

(i) Trade debtors *(cont'd)*

The Group measures loss allowances for trade debtors at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade debtors as at 31st March, 2019.

	Expected loss rate	**Gross carrying amount** *HK$'000*	**Loss allowance** *HK$'000*
Neither past due nor impaired	**1.8%**	**130,270**	**(2,316)**
Less than 1 month past due	**100.0%**	**418**	**(418)**
1 to 3 months past due	**–**	**1**	**–**
Over 3 months past due	**94.5%**	**2,469**	**(2,334)**
		133,158	**(5,068)**

Expected loss rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the debtors.

Comparative information under HKAS 39

Prior to 1st April, 2018, an impairment loss was recognised only when there was objective evidence of impairment (see Note 1(g) – policy applicable prior to 1st April, 2018). At 31st March, 2018, trade debtors of HK$5,586,000 were determined to be impaired. The aging analysis of trade debtors that were not considered to be impaired was as follows :-

	2018 *HK$'000*
Neither past due nor impaired	120,119
Less than 1 month past due	244
1 to 3 months past due	–
Over 3 months past due	–
	244
	120,363

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

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 considers that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit equality and the balances are still considered fully recoverable.

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

(a) Credit risk *(cont'd)*

(i) Trade debtors *(cont'd)*

Movement in the loss allowance account in respect of trade debtors during the year is as follows :-

	2019	2018
	HK$'000	*HK$'000*
Balance at 1st April	**5,586**	6,314
Exchange difference	**(157)**	138
Impairment loss written back	**(361)**	(734)
Bad debts written off	**–**	(132)
Balance at 31st March	**5,068**	5,586

(ii) Investments in debt securities

Investments in debt securities are normally in liquid securities quoted on a recognised stock exchange, issued by corporate with sound credit standing (Note 12). Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations. Nevertheless, the Group's management monitors the situation and will notify the Group of any change.

At the end of the reporting period, the Group does not have any significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any other guarantees which would expose the Group to credit risk.

The Group measures loss allowances for debt securities at an amount equal to 12-month ECLs, which is insignificant.

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

(b) Liquidity risk

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

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

	Carrying amount *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*
At 31st March, 2019					
Creditors, accruals and provisions	**832,999**	**832,999**	**697,482**	**103,485**	**32,032**
Amount due to an associated company	**23,612**	**23,612**	**–**	**23,612**	**–**
	856,611	**856,611**	**697,482**	**127,097**	**32,032**
At 31st March, 2018					
Creditors, accruals and provisions	652,546	652,546	586,402	42,056	24,088
Bills payable	9	9	9	–	–
Amount due to an associated company	25,272	25,272	–	25,272	–
Bank loans	126,439	126,483	126,483	–	–
	804,266	804,310	712,894	67,328	24,088

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

(c) Interest rate risk

Except for the short-term bank borrowings of HK$126,439,000 held at effective interest rate of 1.68 per cent. as at 31st March, 2018 (No short-term bank borrowings as at 31st March, 2019), 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 which are fixed in interest rates, hence the Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulting from changes in interest rates.

(d) Foreign exchange risk

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

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

To manage foreign exchange risk arising from commercial transactions, recognised assets and liabilities, companies in the Group may use forward foreign exchange contracts when major fluctuation in the relevant foreign currency is anticipated. There were no outstanding forward contracts as at 31st March, 2019 (2018 : Nil).

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

(e) Price risk

The Group is exposed to equity price risk because investments held by the Group are classified in the consolidated statement of financial position as securities held for trading, financial assets designated at fair value through profit or loss and debt securities measured at amortised cost.

At 31st March, 2019, if there had been a 1 per cent. (2018 : 1 per cent.) increase / decrease in the fair value of securities held for trading and financial assets designated at fair value through profit or loss with all other variables held constant, the Group's profit after tax would have increased / decreased by HK$4,598,000 (2018 : HK$1,514,000).

27. *FAIR VALUE MEASUREMENT*

(a) Other financial assets carried at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows :-

Level 1 valuations : Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2 valuations : Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

Level 3 valuations : Fair value measured using significant unobservable inputs

	Level 1 *HK$'000*	**Level 2** *HK$'000*	**Level 3** *HK$'000*	**Total** *HK$'000*
At 31st March, 2019				
Recurring fair value measurements				
Other financial assets				
Listed equity securities held for trading	**211,359**	**–**	**–**	**211,359**
Investment in securities held for trading at the fair value	**–**	**70,219**	**–**	**70,219**
Unlisted equity securities designated at fair value through profit or loss	**–**	**–**	**224,710**	**224,710**
	211,359	**70,219**	**224,710**	**506,288**
At 31st March, 2018				
Recurring fair value measurements				
Other financial assets				
Listed debt securities designated at fair value through profit or loss	27,793	–	–	27,793
Listed equity securities held for trading	148,000	–	–	148,000
	175,793	–	–	175,793

During the years ended 31st March, 2019 and 31st March, 2018, there were no transfers among different levels of fair value hierarchy.

27. *FAIR VALUE MEASUREMENT (cont'd)*

(a) Other financial assets carried at fair value *(cont'd)*

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the Group's Level 2 financial instruments is based on valuation techniques taking into account the market closing prices of the underlying equity securities and / or volatilities and interest rates, which are observable market data, at the end of the reporting period.

(iii) Information about Level 3 fair value measurements

The Group's Level 3 financial instruments represent unlisted equity securities which their fair values are based on unobservable inputs. The directors of the Group perform the valuation on Level 3 financial instruments for financial reporting purposes. Their fair values have been determined using adjusted recent financing approach or with reference to the pricing of the recent transactions.

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

	2019
Unlisted equity securities :	***HK$'000***
Balance as at 31st March, 2018	**–**
Reclassify from financial assets classified as available-for-sales under HKAS 39 (Note 1(w))	**215,869**
Impact on initial application of HKFRS 9 (Note 1(w))	**23,829**
Adjusted balance as at 1st April, 2018	**239,698**
Payment for purchases	**39,235**
Net realised and unrealised gains recognised in profit or loss	**7,438**
Disposals	**(61,661)**
Balance as at 31st March, 2019	**224,710**

(b) Fair value of other financial assets carried at other than fair value

The carrying amounts of the Group's other financial assets carried at cost or amortised cost are not materially different from their fair values as at 31st March, 2019 and 31st March, 2018, expect for the unlisted available-for-sale equity securities as at 31st March, 2018 which do not have a quoted price in an active market. These unlisted equity securities were stated at cost as at 31st March, 2018.

28. *ACCOUNTING ESTIMATES AND JUDGEMENTS*

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

(a) Recognition of deferred tax assets

As explained in Note 18, the Group recognises deferred tax assets in respect of tax losses based on the management's estimation of future taxable profits against which the accumulated tax losses may be offset in the foreseeable future for each individual subsidiary company. It is possible that certain assumptions adopted in the preparation of the profit forecasts for these operations may not be indicative of future taxable profits against which the accumulated tax losses may be offset. Any increase or decrease in the provision for deferred taxation would affect the Group's net asset value.

(b) Depreciation

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

(c) Inventories

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

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

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

29. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	NOTE	2019 *HK$'000*	2018 *HK$'000*
Non-current assets			
Subsidiary companies		**1,833,321**	1,833,321
Amount due from a subsidiary company		**102**	110
		1,833,423	1,833,431
Current assets			
Debtors, deposits and prepayments		**174**	170
Cash and bank balances		**16,108**	16,102
		16,282	16,272
Current liabilities			
Creditors and accruals		**117**	128
		117	128
Net current assets		**16,165**	16,144
Total assets less current liabilities		**1,849,588**	1,849,575
Non-current liabilities			
Amount due to a subsidiary company		**715,528**	734,188
Net assets		**1,134,060**	1,115,387
Capital and reserves	20		
Share capital		**119,999**	117,975
Reserves		**1,014,061**	997,412
Total equity attributable to equity shareholders of the Company		**1,134,060**	1,115,387

Approved and authorised for issue by the Board of Directors on 3rd June, 2019.

Dickson Poon
Group Executive Chairman

Chan Hon Chung, Johnny Pollux
Executive Director

30. *DISPOSAL OF A SUBSIDIARY COMPANY*

During the year ended 31st March, 2019, the Group disposed of its entire equity interest in Melborn Property Limited (formerly known as Dickson Warehousing Limited), a wholly-owned subsidiary company, in the sales of luxury goods segment (see Note 3). The disposal had the following effect on the Group's assets and liabilities :-

	2019
Net assets disposed of :-	***HK$'000***
Property, plant and equipment (Note 10)	**27,038**
Deposits and prepayment	**297**
Deferred tax liabilities (Note 18(a))	**(2,104)**
Net identifiable assets	**25,231**
Total transaction costs	**2,950**
Gain on disposal of a subsidiary company (Note 3)	**220,012**
	248,193
Satisfied by :-	
Cash consideration received	**250,000**
Less : payment of deferred tax liabilities net of deposits and prepayment	**(1,807)**
	248,193

Analysis of the net cash inflow in respect of the disposal of a subsidiary company :-

Cash consideration	**250,000**
Payment of deferred tax liabilities net of deposits and prepayment	**(1,807)**
Transaction cost paid	**(1,250)**
Net inflow of cash and cash equivalents in respect of disposal of a subsidiary company	**246,943**

31. *EVENT AFTER THE REPORTING PERIOD*

The Group announced on 25th March, 2019 that Tommy Hilfiger Europe B.V. ("the Licensor") had agreed to extend its licence ("the Licence") to the Group for the sale of the products under the brand name of "Tommy Hilfiger" ("the Licensed Products") in Hong Kong, Macau, Taiwan, Singapore and Malaysia ("the Territories") from its expiration date of 31st March, 2019 until 30th June, 2019, subject to extension to no later than 31st December, 2019 to coincide with closing under the agreement described below ("the Closing Date"). Therefore, after the Closing Date, the Group shall cease to be the licensee of the Licensed Products in the Territories. The Group and the Licensor had entered into an agreement under which, in part, the Licensor or certain of its affiliates will pay the Group a terminal amount upon the expiration of the Licence (as extended) on the Closing Date.

32. *POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST MARCH, 2019*

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31st March, 2019 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group :-

	Effective for accounting periods beginning on or after
HKFRS 16, *Leases*	1st January, 2019
HK(IFRIC) 23, *Uncertainty over income tax treatments*	1st January, 2019
Annual Improvements to HKFRSs 2015-2017 Cycle	1st January, 2019
Amendments to HKAS 28, *Long-term interest in associates and joint ventures*	1st January, 2019

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of HKFRS 16 which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impact upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standard is initially applied in the Group's interim financial report for the six months ending 30th September, 2019. The Group may also change its accounting policy elections, including the transition options, until the standard is initially applied in that financial report.

32. *POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST MARCH, 2019* *(cont'd)*

HKFRS 16, *Leases*

As disclosed in Note 1(i), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding 'right-of-use' asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee for property, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease.

HKFRS 16 is effective for annual periods beginning on or after 1st January, 2019. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

The Group plans to elect to use the full retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1st April, 2018 and will restate the comparative information. As disclosed in Note 24(b), at 31st March, 2019, the Group's future minimum leases payments under non-cancellable operating leases amount to HK$1,470,633,000 for properties, the majority of which is payable either within 1 year or between 1 and 5 years after the reporting date. Upon the initial adoption of HKFRS 16, the recognition of interest expenses on the lease liability and depreciation charge for the right-of-use assets is not expected to have material impact on the Group's consolidated statement of profit or loss for next financial year.

Upon the initial adoption of HKFRS 16, the recognition of lease liabilities and right-of-use assets and other transition adjustments could have a material impact on the Group's financial statement.

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 lighters, writing instruments, leather goods and fashion products	British Virgin Islands / Hong Kong
* Bertolucci SA	CHF100,000	–	100	Sale of watches	Switzerland
Bestway Holdings Limited 裕宏集團有限公司	HK$3,500,000	–	100	Investment holding and sale of luxury tableware	Hong Kong
Bondwood Investments Limited 寶活投資有限公司	HK$2	–	100	Sale of lighters, writing instruments, leather goods and fashion products	Hong Kong
Castlereagh Limited	US$2	100	–	Investment holding	British Virgin Islands / Hong Kong
Dickson Concepts Limited 迪生創建有限公司	HK$1,000	–	100	Investment holding and provision of interior design, management consultancy and professional services	Hong Kong
Dickson Concepts (Retail) Limited	HK$2	–	100	Sale of watches	Hong Kong
Dickson Concepts (Retail 1) Limited	US$65,000	100	–	Sale of watches	British Virgin Islands / Hong Kong
Dickson Concepts (Retail 2) Limited	HK$2	–	100	Sale of watches	Hong Kong
Dickson Concepts (Retail 3) Limited	US$1	–	100	Sale of watches	British Virgin Islands / 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 Concepts (Wholesale) Limited	HK$10,000	–	100	Sale of watches and fashion products	Hong Kong
* Dickson Cyber Ventures Holdings Limited	US$1	–	100	Investment holding	British Virgin Islands
* Dickson Enterprises Limited 廸生創建(集團)有限公司	HK$2	–	100	Arrangement of property tenancy agreement	Hong Kong
Dickson Interior Design Limited 廸生室內設計有限公司	HK$2	–	100	Provision of interior design services	Hong Kong
* Dickson Licensing Limited	US$1	100	–	Trademarks agency	British Virgin Islands
* Dickson Macau Limited	MOP25,000	–	100	Sale of fashion products	Macau
* Dickson (Shanghai) Company Limited	US$200,000	–	100 foreign-owned enterprise	Sale of lighters, writing instruments, leather goods and fashion products	China
Dickson Stores Pte Ltd	S$700,000	–	100	Sale of fashion products	Singapore
Dickson Trading (Asia) Company Limited 廸生貿易(亞洲)有限公司	HK$1,000,000	–	100	Sale of fashion products	Hong Kong / Taiwan
* Ever Success Consultancy (Shenzhen) Limited	HK$1,000,000	–	100 foreign-owned enterprise	Provision of management consultancy and professional services	China

Name	Issued share capital / Registered capital	Effective percentage shareholding Directly	Indirectly	Principal activities	Place of incorporation / operation
PRINCIPAL SUBSIDIARY COMPANIES *(cont'd)* **:-**					
Ever Success Management Limited 永盛管理有限公司	HK$2	–	100	Provision of management consultancy and professional services	Hong Kong
Harvey Nichols (Hong Kong) Limited	HK$10,000,000	–	100	Operation of Harvey Nichols, Beauty Avenue and Beauty Bazaar stores	Hong Kong
* Honca Limited 廣嘉有限公司	HK$2	–	100	Arrangement of property tenancy agreements	Hong Kong
* Leading Way Apparel Shanghai Limited	US$200,000	–	100 foreign-owned enterprise	Sale of lighters, writing instruments, leather goods and fashion products	China
* Kinford International Limited	US$1	100	–	Investment holding	British Virgin Islands
Mighty Achievements Investments Limited	HK$2	–	100	Property investment	Hong Kong
Mighty Leader Limited 霸令有限公司	HK$2	–	100	Arrangement of property tenancy agreements	Hong Kong
* Million Triumph Limited 萬旋有限公司	HK$1,000,000	–	100	Arrangement of property tenancy agreements	Hong Kong
Oakline Limited	HK$2	–	100	Arrangement of property tenancy agreements	Hong Kong
* Palton Limited 寶敦有限公司	HK$2	–	100	Arrangement of property tenancy agreements	Hong Kong
Pui Chak Enterprises Limited 培澤企業有限公司	HK$24,000	–	100	Property investment	Hong Kong

Name	Issued share capital / Registered capital	Effective percentage shareholding Directly	Effective percentage shareholding Indirectly	Principal activities	Place of incorporation / operation
PRINCIPAL SUBSIDIARY COMPANIES *(cont'd)* **:-**					
* Raglan Resources Limited	US$1	–	100	Investment holding	British Virgin Islands
* Sunibo Limited	HK$2	–	100	Arrangement of property tenancy agreements	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 Asia-Pacific Limited	US$2	–	100	Sale of fashion products	British Virgin Islands / Taiwan
Top Creation Limited	HK$2	–	100	Sale of fashion products	Hong Kong
Top Strength Ventures Limited	US$130,000	–	100	Securities investment	British Virgin Islands / Hong Kong
* 联彩国际贸易 (深圳) 有限公司	RMB1,000,000	–	100 foreign-owned enterprise	Provision of import services	China

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

* Companies not audited by KPMG

	2019	2018	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CONSOLIDATED STATEMENT OF PROFIT OR LOSS					
Revenue	**4,009,422**	3,635,599	3,144,822	3,621,335	4,322,230
Profit / (loss) before taxation	**425,009**	162,265	86,286	(282,974)	(91,547)
Taxation	**(21,203)**	(10,456)	(6,125)	(5,178)	(18,713)
Profit / (loss) for the year attributable to equity shareholders of the Company	**403,806**	151,809	80,161	(288,152)	(110,260)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
Property, plant and equipment	**65,347**	110,781	140,787	159,367	227,634
Intangible asset	**–**	–	–	–	75,464
Associated companies	**24,188**	25,895	23,354	24,898	37,167
Deferred tax assets	**2,958**	3,171	2,460	2,292	3,804
Other financial assets	**489,621**	215,869	176,824	243,723	283,862
Net current assets	**1,983,898**	1,924,453	1,776,205	1,641,939	1,837,402
Total assets less current liabilities	**2,566,012**	2,280,169	2,119,630	2,072,219	2,465,333
Deferred tax liabilities	**21,607**	24,417	24,482	30,386	43,219
Amount due to associated companies	**23,612**	25,272	22,801	24,300	33,959
Net assets	**2,520,793**	2,230,480	2,072,347	2,017,533	2,388,155
Share capital	**119,999**	117,975	114,135	114,135	116,965
Reserves	**2,400,794**	2,112,505	1,958,212	1,903,398	2,271,190
Total equity attributable to equity shareholders of the Company	**2,520,793**	2,230,480	2,072,347	2,017,533	2,388,155
OTHER FINANCIAL DATA					
Earnings / (loss) per share (HK cents)	**101.1**	39.2	21.1	(75.0)	(28.5)
Dividend per share (HK cents)	**35.0**	23.0	17.0	11.0	6.0

EXPLANATION ON PREPARATION

The Group presents this Environmental, Social and Governance ("ESG") report for the year ended 31st March, 2019 in accordance with the requirement of the Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited ("HKEx").

The report covers the Group's overall performance in environmental and social dimensions, which includes the following areas: environmental protection, employment and labour practices, operating practices, and the community. The scope of the report covers our Hong Kong operations comprising the department stores, retail shops, warehouses and offices. Our businesses in Taiwan, China and Southeast Asia, with free standing shops accounting for only about 10 per cent. of the Group's retail space, are not included in the ESG report.

The board of directors ("the Board") is responsible for our ESG strategy and reporting including evaluating and determining the environmental, social and governance risks of the Group, and ensuring that relevant risk management and internal control systems are in place and operated effectively.

The Board has delegated the ESG responsibility to an ESG working group comprising senior management of the Group. The Group is committed to making continuous improvements from the aspects of corporate environmental protection and social responsibility and has taken measures to supervise and implement policies to manage ESG issues for the sustainable development of the Group. In particular, the Group aims to reduce greenhouse gas emissions, minimise disposal of waste in its ordinary course of business and provide a safe and supportive environment for its staff. Through meetings and discussions, the ESG working group set policies and guidelines to address environmental and social matters. Moreover, key performance indicators are identified, tracked and closely monitored for the purpose of ensuring continuous improvement.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group's major stakeholders include customers, staff, shareholders and potential investors, the government and regulators, suppliers, landlords, media, contractors and banks. Stakeholder participation is essential for the Group to understand their concerns and expectations in order to identify the most significant ESG aspects. It forms the basis of our sustainable development strategy and supports our long-term sustainable development. We continue to interact with our stakeholders on an ongoing basis in order to understand their views and collect their feedback. Our communication channels with our stakeholders include our corporate website, annual general meeting, press conferences, mail boxes, site visits, direct engagement with our customers and social media such as WeChat, WhatsApp, Instagram and Facebook, etc..

ENVIRONMENTAL PROTECTION

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

Use of Resources

The Group is committed to using resources wisely and efficiently and reducing waste generation within our operations. Throughout all of our operations, we have been progressively implementing different resource-saving measures addressing the saving of energy, water, paper and other office supplies. The measures taken range from use of recycled paper and materials, to the behavioural change of our people. The Group has implemented energy-saving and sustainability measures as follows :-

- Staff are encouraged to keep air-conditioned room temperature at 25°C;
- Staff are encouraged to shut off lighting when leaving a room for more than an hour and switch off computers after working hours;
- Staff are reminded to switch relevant office equipment and electronic appliances to energy-saving mode, e.g. enabling the printers and computers to automatically power down after a period of inactivity;
- The Group always considers using appliances that meet the Grade 1 standard of the Electrical and Mechanical Services Department's energy efficiency label whenever replacing old office equipment or procuring new electronic appliances;
- Energy-saving lighting will be retrofitted when carrying out renovations;
- Recycling bins are set up to collect used paper, cardboard boxes, packing materials, toner and ink cartridges and we arrange for cleaning contractors to collect them for reuse or recycling;
- Encourage duplex printing and scrap paper is reused for notepads;
- Source environmentally friendly printing paper; and
- Internal memoranda and reports are communicated by digital means.

Emissions

As a commercial enterprise engaging in the sale of luxury goods and securities investment, operations of the Group do not result in significant air and gas emissions, discharges into water and lands. The emissions are indirectly and principally resulting from the use of electricity at the workplace, vehicles and business travel by staff. No hazardous waste was produced by the Group in the reporting period.

Non-hazardous waste produced by the Group mainly consists of used paper (e.g. office papers, posters, marketing materials) and disposal and treatment of display items. The Group engages third parties for collection and handling of this non-hazardous waste.

Relevant departments are required to collect and analyse ESG activity data and summarise their respective findings on a quarterly basis, as well as to take specific measures to reduce or avoid emissions. The Group will monitor the results of the measures put in place to mitigate emissions.

During the reporting period, the Group did not find any non-compliance with laws and regulations related to emissions.

ENVIRONMENTAL PROTECTION *(cont'd)*

Environment and Natural Resources

The nature of the Group's business operations does not result in any other significant pollution or destruction of the environment and natural resources. The most material environmental impact is from the use of electricity, vehicles, other office supplies and business travel by staff. Relevant principles and polices are already disclosed above.

The following table summarises the Group's environmental performance (Note 1) :-

1. Greenhouse Gas (GHG) Emissions (Note 2)

Indicators	**2019**	2018
Scope 1 – Direct emissions and removals (tCO2e) (Note 3)	**87**	103
Scope 2 – Energy indirect emissions (tCO2e) (Note 4)	**4,586**	4,877
Scope 3 – Other indirect emissions (tCO2e) (Note 5)	**411**	390
Total GHG emissions (direct and indirect) and removals (tCO2e)	**5,084**	5,370
Total GHG emissions intensity (tCO2e/HK$ million of revenue) (Note7)	**1.594**	1.941

2. Non-hazardous waste

Indicators	**2019**	2018
Total non-hazardous waste produced (tonnes) (Note 6)	**80**	68
Total non-hazardous waste produced intensity (tonnes/HK$ million of revenue) (Note 7)	**0.025**	0.025

3. Energy consumption

Indicators	**2019**	2018
Direct energy consumption		
– Fuel consumption (litres)	**31,946**	37,988
– Fuel consumption intensity (litres/HK$ million of revenue)	**10.018**	13.729
Indirect energy consumption		
– Electricity consumption (MWh)	**7,036**	7,274
– Electricity consumption intensity (MWh/HK$ million of revenue) (Note 7)	**2.206**	2.629

4. Water consumption

Indicators	**2019**	2018
Total water consumption (m3) (Note 8)	**6,147**	9,232
Total water consumption intensity (m3/HK$ million of revenue) (Note 7)	**1.928**	3.336

5. Packaging materials

Indicators	**2019**	2018
Total packaging material used (including plastic and paper) (tonnes)	**45**	40
Intensity of packaging material used (tonnes/HK$ million of revenue) (Note 7)	**0.014**	0.014

ENVIRONMENTAL PROTECTION *(cont'd)*

Environment and Natural Resources *(cont'd)*

Notes :-

1. Unless otherwise specified, the environmental data covers our Hong Kong operations comprising the department stores, retail shops, warehouses and offices.
2. Greenhouse gas emissions data is presented in tonnes of carbon dioxide equivalent (tCO2e) and the calculation methodology is based on the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" issued by Electrical and Mechanical Services Department and Environmental Protection Department.
3. Scope 1 refers to direct GHG emission such as fuel consumption by a delivery truck and vehicles.
4. Scope 2 refers to indirect GHG emission such as consumption of electricity.
5. Scope 3 refers to indirect GHG emission such as consumption of paper, water usage, business air travel and disposal of display items waste.
6. Non-hazardous waste produced mainly included paper waste and display items waste disposal.
7. The Group's revenue from Hong Kong operations was used as the denominator to calculate intensity for each indicator. The Group's revenue from Hong Kong operations for the years ended 31st March, 2019 and 31st March, 2018 was HK$3,189 million and HK$2,767 million respectively.
8. Sourcing water that is fit for purpose and water efficiency initiatives are not considered to be material issues in the Group's operations.

EMPLOYMENT AND LABOUR PRACTICES

The Group recognises that human resources are its valuable asset and takes measures to provide a safe and congenial environment for its staff. The Group also encourages career development and training, and promotes a healthy living style with work-life balance.

Employment

As an equal opportunity employer, the Group treats all its staff equally and ensures that their employment, remuneration and promotion will not be affected by their social identities such as ethnicity, nationality, gender, religion, age, sexual orientation, political faction or marital status. Our employment policies and practices in areas such as hiring, transfer, recruitment, training, promotion, discipline, rates of pay and benefits, include measures to encourage all staff and job applicants to enjoy equal opportunities and fair treatment. The salary and benefit levels of the Group's staff are reviewed annually on a performance related basis within the general framework of the Group's salary system. To attract, retain, and motivate staff, the Group has devised a competitive compensation and benefits package. Apart from the basic package, for instance, employment compensation insurance, medical, life and disability insurance, annual leave, sick leave, additional compensation and benefits such as education allowance, work-induced transportation allowance, and paid leave (marriage, compassionate, study and examination) are given.

During the reporting period, the Group was not aware of any breach of applicable legislation and / or regulations.

EMPLOYMENT AND LABOUR PRACTICES *(cont'd)*

Employment *(cont'd)*

As at 31st March, 2019, the total number of Hong Kong staff was 900, of which 778 were permanent staff and 122 were temporary / part-time staff. The distribution of our permanent staff by different categories is as follows :-

(a) By gender

	Male	Female	Total
Overall permanent staff	33%	67%	100%
Management team	45%	55%	100%

(b) By age group

Below 31	20%
31-40	29%
41-50	26%
51-60	22%
60 and above	3%
Total	100%

Health and Safety

The Group has been actively engaged in maintaining the staff's well-being through adopting various occupational safety and health (OSH) measures including but not limited to the following :-

- organising fire fighting drills to improve staff's capability to deal with potential fire hazards;
- providing OSH briefing and OSH information leaflets to new joiners;
- nominating staff to attend courses organised by Occupational Safety and Health Council;
- providing video clips on OSH to promote the awareness of OSH within our Group; and
- nominating staff to attend first aid courses organised by Hong Kong St. John Ambulance, etc..

We strive to provide a comfortable and safe environment for our staff through ways such as :-

- maintaining proper lighting and ventilation system and a clean environment in both office and sales floors, and providing sufficient space in the office;
- prohibiting smoking in office and sales floors; and
- following Government guidelines relating to severe weather warnings such as typhoons and rainstorm.

During the reporting period, the Group did not encounter any health and safety related non-compliance.

All work-related injury is protected by the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) and the Group complies with the requirement. There was no work related fatality incident and the number of working day lost due to work injuries was 49 days (9 cases) during the year.

EMPLOYMENT AND LABOUR PRACTICES (cont'd)

Development and Training

The Group recognises the importance of skilled and professionally trained staff to its business growth and future success. Given the growing complexity and sophistication of the marketplace, the Group supports its staff to develop and enhance their knowledge, skills and work capability. Regular training courses are provided to staff as follows :-

- providing an orientation programme to new joiners to familiarise them with the Group's culture and values, operation policies and procedures; and
- providing our frontline talents with regular and ad hoc internal training and development workshops necessary to discharge their duties at work, including product knowledge, customer service, sales technique and new legislation and regulations relevant to our business operations.

Apart from the above, the Group also encourages and provides subsidies to staff at all levels to pursue relevant educational or training opportunities that achieve personal growth and professional development. Moreover, full pay examination and study leave are granted to staff by the Group for sitting relevant professional qualification examinations.

Labour Standards

The Group does not employ children or forced labour. Whilst there is no such incident within the Group, the human resources departments across the Group are tasked to regularly review their practices and to ensure that no children or forced labour are employed. Staff are not encouraged to work beyond working hours. If overtime work is required, the relevant staff and superiors will agree mutually in advance. Also, temporary staff will be recruited to meet our seasonal demands.

During the reporting period, the Group did not find any non-compliance with laws and regulations related to preventing children or forced labour.

OPERATING PRACTICES

Anti-corruption

The Group is committed to achieving and maintaining openness, uprightness and accountability and all staff are expected to observe ethical, personal and professional conduct. In addition to the Code of Conduct included in the Staff Handbook on anti-bribery and anti-corruption, the Group also through its internal audit department conducts ongoing review of the effectiveness of the internal control systems across the Group's business units. If internal control weaknesses are identified, immediate action will be taken to eliminate the weaknesses. We maintain a zero tolerance approach to corruption in order to prevent irregularities.

During the reporting period, there were no legal cases regarding corrupt practices brought against the Group or its staff.

OPERATING PRACTICES *(cont'd)*

Supply Chain Management

As a responsible member of the community and to ensure product safety and service quality, the Group's procurement policy is to ensure all goods and services are procured in an honest, competitive, fair, and transparent manner that delivers the best value for money.

Suppliers are selected based upon rational and clear criteria, such as brands' reputation, their financial stability, production process, quality management system, regulatory requirement compliance, sample availability for testing, packaging, price, delivery assurance, and product recall policy, so as to procure superior goods and services from the most competitive sources. On-site visits are carried out when necessary to have the best suppliers selected.

Product Responsibility

(a) Customer Services

The Group has earned trusted relationships with its customers through providing dedicated customer services.

The Group makes every effort to promptly and fairly investigate and resolve all disputes and complaints lodged by customers, according to clearly written internal procedures.

All complaints received are referred to and handled by the Customer Relation team. Upon receipt of a complaint, the team will investigate and appropriate action will be taken in a timely manner. During the reporting period, 17 written complaints were received and all the cases were resolved.

(b) Customer Data Protection and Privacy Policy

The Group places utmost importance on protecting the privacy of its customers in the collection, processing and use of their personal data. The Group adheres to the applicable data protection regulations and ensures appropriate technical measures are in place to protect personal data against unauthorised use or access. The Group also ensures that customers' personal data is securely kept and processed only for the purposes for which it has been collected.

(c) Protection of Intellectual Property

The Group builds up and protects its intellectual property rights by prolonged use and registration of domain names and trademarks. The Group has registered trademarks in various classes in Hong Kong and other relevant jurisdictions. In addition, the Group's trademarks and domain names are constantly monitored and renewed upon their expiration.

During the reporting period, the Group was not aware of any material non-compliance with the relevant laws and regulations related to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

COMMUNITY

The Group encourages our staff to participate in volunteering events, which could provide an opportunity for them to interact outside the workplace while contributing to the local communities. Through donations and sponsorships, the Group also supports non-profit organisations in meeting the cultural, educational and other needs of the society. During the year, the Group donated a total amount of HK$86,000 to various charitable organisations.

The Group also encourages our staff to take part in sports activities in order to improve their health by sponsoring the participants the entry fee of Standard Chartered Hong Kong Marathon 2019.

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