DICKSON

ANNUAL REPORT 2021

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 2021

Stock Code: 0113

CONTENTS

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
Fung Yue Ming, Eugene Michael

Company Secretary :

Or Suk Ying, Stella

Audit Committee :

Nicholas Peter Etches **(Chairman)**
Bhanusak Asvaintra
Fung Yue Ming, Eugene Michael

Nomination Committee :

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

Remuneration Committee :

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

Investment Committee :

Dickson Poon **(Chairman)**
Chan Hon Chung, Johnny Pollux
Poon Dickson Pearson Guanda
Lo Ming Yue, Edmund Thomas

Independent Auditor :

KPMG
Certified Public Accountants
Public Interest Entity Auditor
registered in accordance with the
Financial Reporting Council Ordinance

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 54, 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

For the financial year ended 31st March, 2021, the Group achieved a turnover of HK$2,275.5 million, a decrease of 22.5 per cent..

Net profit attributable to equity shareholders was HK$461.8 million (2020 : HK$645.8 million), a decrease of 28.5 per cent.. The investment portfolio contributed a profit of HK$89.3 million.

The decrease in profit is the result of the decrease in sales and profit contribution from the retail business in Hong Kong and absence of non-recurring items recognised in the previous financial year.

Financial Results and Final Dividend

Turnover for the financial year ended 31st March, 2021 was HK$2,275.5 million, a decrease of 22.5 per cent. compared to HK$2,937.7 million in the previous year.

Profit attributable to shareholders was HK$461.8 million as compared to HK$645.8 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, is the same as the previous year, excluding the special dividend of HK20 cents per ordinary share paid in last year. Based on a closing price of HK$4.14 on 31st March, 2021, the total dividend proposed represents a yield of 8.45 per cent..

Review of Operations

During the year under review, the Group faced one of the worst retail environments that Hong Kong has ever faced as a result of the continued outbreak of COVID-19. The very poor consumer sentiment and the lack of tourists travelling to Hong Kong have resulted in the Group's turnover in Hong Kong decreasing by 30.9 per cent. in the financial year ended 31st March, 2021.

In Taiwan, the Group achieved profit increase of over 300 per cent. during the year. This is a direct result of continued improvement in consumer sentiment, together with margin improvement and aggressive cost and inventory control.

In China, the Group recorded a very strong performance for the full year. In particular, the Group's total retail sales recorded an increase of 109 per cent. during the year, with physical retail stores increasing 90 per cent. and online retail sales increasing 325 per cent.. This has successfully enabled the Group to turn around its China operations from loss making to profit contributing for the full year.

The Group adopted the most conservative approach in managing its retail network. Today, the Group's retail network totals 64 stores, comprising 7 stores in Hong Kong, 32 in China and 25 in Taiwan.

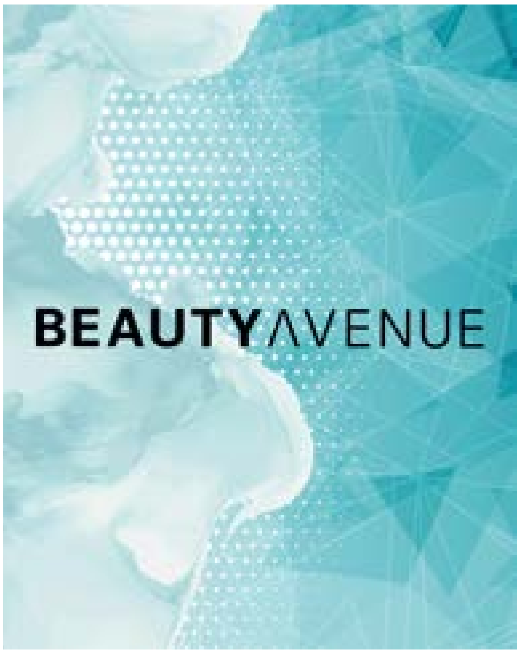
Geographically, Hong Kong contributed 76.5 per cent. of sales, Taiwan 19.6 per cent. and other territories 3.9 per cent..

In terms of sales mix, watches and jewellery represented 45.9 per cent., cosmetics and beauty products 29.2 per cent., fashion and accessories 20.0 per cent. and securities trading 4.9 per cent..

Harvey Nichols store at Pacific Place, Hong Kong.
位於香港太古廣場的「Harvey Nichols」店。

HARVEY NICHOLS

'SANDBOX', an experimental retail space at Harvey Nichols Pacific Place store.
位於太古廣場「Harvey Nichols」店的「SANDBOX」藝術創意零售空間。



Beauty Avenue, the new beauty retail concept.
「Beauty Avenue」- 一站式化妝美容概念店。

Handbag by Tod's.
「Tod's」手袋。

The investment market has continued to be very volatile as a result of the worldwide impact of COVID-19. The Group continues to manage its investment portfolio cautiously and has succeeded in achieving a profit of HK$89.3 million during the year ended 31st March, 2021.

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.

Future Prospects

The Group remains to be pessimistic about the retail climate in Hong Kong. With the possibility of a 5th wave outbreak of COVID-19, uncertainty on the timing of the re-opening of borders and continued high unemployment rate, the Group does not expect any real improvement in the retail climate in Hong Kong in the foreseeable future.

The Taiwan market was our strongest market during the year with a profit increase of over 300 per cent.. This strong growth has been disrupted by the current outbreak of COVID-19 in Taiwan. Given the circumstances, the Group is very concerned about how severe the Taiwan market would be affected.

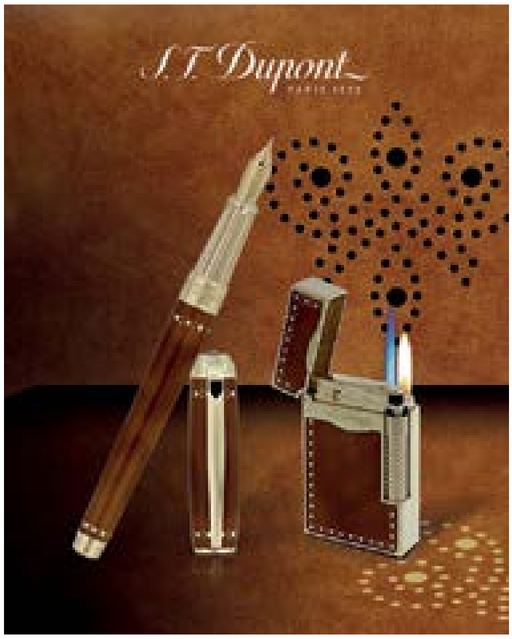
In China, successful restructuring of the Group and the strong performance of its retail operations has resulted in turning the Group's business in China from loss making to profit contributing for the full year. Going forward, the Group will focus on expanding its physical network and on-line development to capitalise on the significant opportunity in China.

The Group will continue to employ the most conservative approach to manage its retail network and will continue to rigorously control costs at all levels of operation.

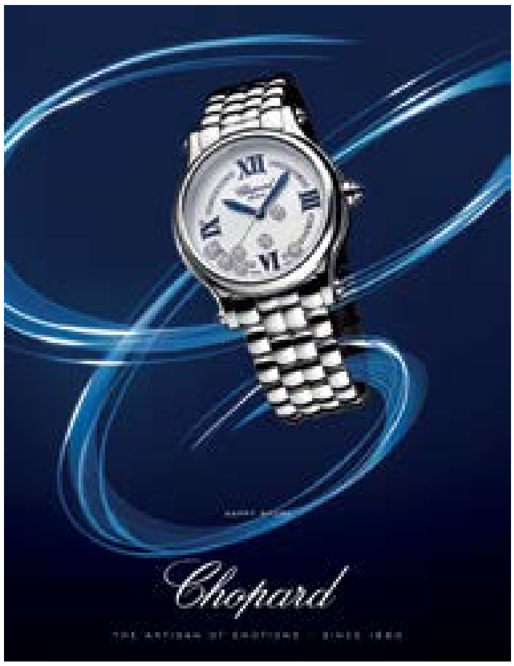
With net cash of HK$2,242.3 million and its strong balance sheet, the Group is in a strong position to cope with the risk of an imminent worldwide recession and the very difficult retail climate.

Dickson Poon
Group Executive Chairman

Hong Kong, 10th June, 2021



S.T. Dupont 'DERBY COLLECTION' lighter and writing instrument.
「都彭」的「DERBY COLLECTION」打火機及書寫文具。



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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of the Company will be held at Event Room 1 – 3, LG/F., New World Millennium Hong Kong Hotel, 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Monday, 9th August, 2021 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, 2021.

2. To approve the payment of the final dividend recommended by the Directors in respect of the year ended 31st March, 2021.

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, 8th July, 2021

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 Thursday, 5th August, 2021.

4. For the purpose of ascertaining shareholders' right to attend and vote at the above Meeting, the Register of Members of the Company will be closed from Wednesday, 4th August, 2021 to Monday, 9th August, 2021, both days inclusive, during which period no transfer of shares will be effected. In order for a shareholder to be eligible to attend and vote at the above Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Tricor Tengis Limited, at the address as mentioned in Note 3 above not later than 4:30 p.m. on Tuesday, 3rd August, 2021.

5. For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Monday, 16th August, 2021 to Tuesday, 17th August, 2021, 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 Friday, 13th August, 2021.

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 2021 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 a Typhoon Signal No. 8 or above is hoisted, or a Black Rainstorm Warning Signal or "extreme conditions after super typhoons" announced by the Government of the Hong Kong Special Administrative Region ("HKSAR Government") is / are in force in Hong Kong 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.

    The above Meeting will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the above Meeting under bad weather conditions bearing in mind their own situation.

12. To safeguard the health and safety of the shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the above Meeting, without limitation :-

    - compulsory body temperature check will be conducted for every shareholder or proxy at the entrance of the venue and anyone with abnormal body temperature may be denied entry into the venue of the above Meeting;
    - every shareholder or proxy is required to bring and wear surgical face mask during his / her attendance of the above Meeting;
    - appropriate distancing and spacing in line with the guidance from the HKSAR Government will be maintained and as such, the Company may limit the number of attendees at the above Meeting as may be necessary to avoid over-crowding;
    - no refreshment or souvenirs will be provided at the above Meeting;
    - hand sanitizers will be provided to the shareholders or proxies at the venue of the above Meeting;
    - there will be no question and answer session during the above Meeting, shareholders could choose to raise questions to the management in writing before the above Meeting; and
    - any other measures that may be required by the HKSAR Government.

    Any person who does not comply with the above precautionary measures, or is subject to any HKSAR Government prescribed quarantine may be denied entry into the venue of the above Meeting.

    For the health and safety of shareholders, the Company encourages shareholders NOT to attend the above Meeting in person, and advises shareholders to appoint the Chairman of the above Meeting as their proxy or through HKSCC Nominees Limited by giving instructions to their brokers and custodians to vote according to their indicated voting instructions as an alternative to attending the above Meeting in person.

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

14. 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
    Fung Yue Ming, Eugene 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, 2021.

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, 2021, the Group achieved a turnover of HK$2,275.5 million, a decrease of 22.5 per cent..

Net profit attributable to equity shareholders was HK$461.8 million (2020 : HK$645.8 million), a decrease of 28.5 per cent.. The investment portfolio contributed a profit of HK$89.3 million.

The decrease in profit is the result of the decrease in sales and profit contribution from the retail business in Hong Kong and absence of non-recurring items recognised in the previous financial year.

Review of Operations

During the year under review, the Group faced one of the worst retail environments that Hong Kong has ever faced as a result of the continued outbreak of COVID-19. The very poor consumer sentiment and the lack of tourists travelling to Hong Kong have resulted in the Group's turnover in Hong Kong decreasing by 30.9 per cent. in the financial year ended 31st March, 2021.

In Taiwan, the Group achieved profit increase of over 300 per cent. during the year. This is a direct result of continued improvement in consumer sentiment, together with margin improvement and aggressive cost and inventory control.

In China, the Group recorded a very strong performance for the full year. In particular, the Group's total retail sales recorded an increase of 109 per cent. during the year, with physical retail stores increasing 90 per cent. and online retail sales increasing 325 per cent.. This has successfully enabled the Group to turn around its China operations from loss making to profit contributing for the full year.

The Group adopted the most conservative approach in managing its retail network. Today, the Group's retail network totals 64 stores, comprising 7 stores in Hong Kong, 32 in China and 25 in Taiwan.

Geographically, Hong Kong contributed 76.5 per cent. of sales, Taiwan 19.6 per cent. and other territories 3.9 per cent..

In terms of sales mix, watches and jewellery represented 45.9 per cent., cosmetics and beauty products 29.2 per cent., fashion and accessories 20.0 per cent. and securities trading 4.9 per cent..

The investment market has continued to be very volatile as a result of the worldwide impact of COVID-19. The Group continues to manage its investment portfolio cautiously and has succeeded in achieving a profit of HK$89.3 million during the year ended 31st March, 2021.

Future Prospects

The Group remains to be pessimistic about the retail climate in Hong Kong. With the possibility of a 5th wave outbreak of COVID-19, uncertainty on the timing of the re-opening of borders and continued high unemployment rate, the Group does not expect any real improvement in the retail climate in Hong Kong in the foreseeable future.

The Taiwan market was our strongest market during the year with a profit increase of over 300 per cent.. This strong growth has been disrupted by the current outbreak of COVID-19 in Taiwan. Given the circumstances, the Group is very concerned about how severe the Taiwan market would be affected.

In China, successful restructuring of the Group and the strong performance of its retail operations has resulted in turning the Group's business in China from loss making to profit contributing for the full year. Going forward, the Group will focus on expanding its physical network and on-line development to capitalise on the significant opportunity in China.

The Group will continue to employ the most conservative approach to manage its retail network and will continue to rigorously control costs at all levels of operation.

With net cash of HK$2,242.3 million and its strong balance sheet, the Group is in a strong position to cope with the risk of an imminent worldwide recession and the very difficult retail climate.

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 11 of this annual report.

Financial statements

The results of the Group for the year ended 31st March, 2021 and the financial position of the Company and the Group at that date are set out in the financial statements on pages 51 to 116.

Dividends

An interim dividend of HK8 cents (2020 : HK8 cents) per ordinary share was paid on 19th January, 2021.

The Board recommends the payment of a final dividend of HK27 cents (2020 : final dividend of HK27 cents and special dividend of HK20 cents) per ordinary share in respect of the year ended 31st March, 2021.

Details of the dividend policy of the Company are set out in the Corporate Governance Report on pages 43 and 44.

Share Capital and Reserves

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

Share Option Scheme

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

Share Purchase, Sale and Redemption

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

Pre-emptive Rights

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

Charitable Donations

Donations made by the Group during the year amounted to HK$568,000.

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 24 on the financial statements.

Principal Subsidiary Companies

Particulars of the Company's principal subsidiary companies are set out on pages 113 to 116.

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, 2021, the Group had 780 (2020 : 924) employees. Total staff costs (including directors' emoluments) amount to HK$278.3 million (2020 : HK$416.8 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

The Group's net liquid financial resources as at 31st March, 2021 stood at HK$2,242.3 million (2020 : HK$2,263.2 million), represented by cash and bank balances of HK$3,073.5 million (2020 : HK$3,323.0 million) less short-term bank borrowings of HK$831.2 million (2020 : HK$1,059.8 million).

The Group also maintains substantial uncommitted short-term loan facilities with selected international banks for day-to-day requirements and funding flexibility.

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, 2021, the Group's current ratio, being current assets divided by current liabilities, was 2.4 times (as at 31st March, 2020 : 2.3 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, 2020 : Nil).

Financial Summary

The results, assets and liabilities of the Group for the last five years are summarised on page 117.

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	38 per cent.
Five largest suppliers in aggregate	77 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)
Bhanusak Asvaintra	(Independent Non-Executive Director ("INED"))
Nicholas Peter Etches	(INED)
Fung Yue Ming, Eugene Michael	(INED)

In accordance with Bye-law 111(A) of the Company's New Bye-Laws, Sir Dickson Poon (an Executive Director), Mr. Bhanusak Asvaintra and Mr. Nicholas Peter Etches (both Mr. Asvaintra and Mr. Etches are INEDs) shall retire from office by rotation at the forthcoming annual general meeting of the shareholders of the Company to be held on Monday, 9th August, 2021. 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 64, is the founder and a substantial shareholder of the Group. He is also the chairman of each of the Nomination Committee and the Investment Committee of the Company. Sir Dickson 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. He provides leadership for the Board and ensures that the Board discharges its responsibilities effectively and efficiently. Sir Dickson is the father of Mr. Poon Dickson Pearson Guanda, an Executive Director and a substantial shareholder of the Company. The relationship between Sir Dickson and Dickson Investment Holding (PTC) Corporation ("DIHPTC") 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 61, joined the Group in October 1983 and was appointed an Executive Director in September 2011. He is also a member of each of the Remuneration Committee and the Investment Committee of the Company. Mr. Chan 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, he acquired extensive audit experience in an international audit firm in Hong Kong.

Mr. Lau Yu Hee, Gary *(Executive Director)*
Mr. Lau, aged 67, 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. Pearson Poon, aged 26, joined the Group as a General Manager in October 2016 and appointed as an Executive Director in December 2018. He is also a substantial shareholder and a member of the Investment Committee of the Company. 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 a director of Harvey Nichols Group Limited and certain of its subsidiary companies (together "the HN Group") 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 the HN Group 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. The relationship between Mr. Pearson Poon and DIHPTC which has a notifiable interest in the Company under the provisions of the SFO is mentioned in the "Directors' Interests" and "Substantial Shareholders' and Other Persons' Interests" sections of this report.

Mr. Bhanusak Asvaintra *(INED)*
Mr. Asvaintra, aged 76, was appointed an INED in September 2004. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee of the Company. 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 72, was appointed an INED in June 2004. He is also the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee of the Company. Mr. Etches 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. Fung Yue Ming, Eugene Michael *(INED)*
Mr. Fung, aged 64, was appointed an INED and a member of the Audit Committee of the Company in August 2019. He graduated from Tufts University. Mr. Fung is the chairman and principal of SouthBay Investment Advisors Limited ("SIAL"). Prior to joining SIAL, he worked for J.P. Morgan from 2001 to 2015 as the managing director and chairman of Private Bank Asia. Mr. Fung was a member of the Financial Services Development Council, Hong Kong from 2013 to 2017. He is also an INED of Shanghai Commercial Bank Limited and a member of Gleneagles Hong Kong Hospital Advisory Council.

Disclosure of Interests

Directors' Interests

As at 31st March, 2021, the interests and short positions of the directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("the Directors' Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities ("the Listing Rules") on the Stock Exchange were as follows :-

Dickson Concepts (International) Limited

		Ordinary Shares of HK$0.30 each					
Name of Director	**Capacity**	**Personal Interests**	**Family Interests**	**Corporate Interests**	**Other Interests**	**Total**	**Percentage**[ii]
Dickson Poon	Beneficial owner and trust founder	17,361	–	–	233,464,065[i]	233,481,426	59.23
Poon Dickson Pearson Guanda	Beneficial owner and beneficiary of a discretionary trust	83,000	–	–	233,464,065[i]	233,547,065	59.25

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 and Mr. Poon Dickson Pearson Guanda are 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, 2021, 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, 2021, 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, 2021, 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	233,481,426 [i]	59.23	Interest of spouse
Dickson Investment Holding (PTC) Corporation ("DIHPTC")	233,464,065 [ii]	59.22	Trustee
Paicolex Trust Company (BVI) Limited ("Paicolex BVI")	233,464,065 [ii]	59.22	Trustee
Paicolex Trust Management AG ("Paicolex AG")	233,464,065 [ii]	59.22	Trustee

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 233,464,065 shares which were disclosed as "Other Interests" of Sir Dickson Poon and Mr. Poon Dickson Pearson Guanda 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, 2021 which is required to be notified to the Company pursuant to Part XV of the SFO or which is recorded in the register required to be kept by the Company under Section 336 of the SFO.

Continuing Connected Transactions

1. During the year, the Group has on an on-going basis conducted transactions with the S.T. Dupont Group (i.e. S.T. Dupont S.A. ("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 and a substantial shareholder of the Company (Sir Dickson Poon is the father of Mr. Poon Dickson Pearson Guanda, an Executive Director and a substantial shareholder of the Company, who is the vice-chairman of the supervisory board of STDSA and a beneficiary of the said trust), 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 cap received by the Group for the sales of merchandise to the S.T. Dupont Group under the Agreement No. 1 for the financial year ended 31st March, 2021 is HK$8,640,000. The sales of merchandise by the Group to the S.T. Dupont Group under the Agreement No. 1 during the year was HK$118,000 which was below the maximum annual cap of HK$8,640,000.

   On 18th March, 2021, DCL as seller and STDML as purchaser entered into a merchandise sale and purchase renewal agreement ("the Renewal Agreement No. 1") regarding the renewal of the Agreement No. 1 upon its expiry on 31st March, 2021 for a further period of three years commencing from 1st April, 2021 and ending on 31st March, 2024 with other terms remaining unchanged. Under the Renewal Agreement No. 1, 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 equal to the retail prices less normal trade discounts (in the range of 50 per cent. to 60 per cent.). The maximum annual caps receivable by the Group for the sales of merchandise to the S.T. Dupont Group under the Renewal Agreement No. 1 for the financial years ending 31st March, 2022, 31st March, 2023 and 31st March, 2024 are HK$2,574,000, HK$3,089,000 and HK$3,707,000 respectively.

(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 cap paid by the Group for the purchases of merchandise from the S.T. Dupont Group under the Agreement No. 2 for the financial year ended 31st March, 2021 is HK$13,651,000. The purchases of merchandise by the Group from the S.T. Dupont Group under the Agreement No. 2 during the year was HK$1,901,000 which was below the maximum annual cap of HK$13,651,000.

On 18th March, 2021, STDML as seller and DCL as purchaser entered into a merchandise sale and purchase renewal agreement ("the Renewal Agreement No. 2") regarding the renewal of the Agreement No. 2 upon its expiry on 31st March, 2021 for a further period of three years commencing from 1st April, 2021 and ending on 31st March, 2024 with other terms remaining unchanged. Under the Renewal Agreement No. 2, the purchase prices of the merchandise are equal to the retail prices less normal trade discounts (in the range of 60 per cent. to 80 per cent.). The maximum annual caps payable by the Group for the purchases of merchandise from the S.T. Dupont Group under the Renewal Agreement No. 2 for the financial years ending 31st March, 2022, 31st March, 2023 and 31st March, 2024 are HK$6,000,000, HK$9,000,000 and HK$13,000,000 respectively.

(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 cap received 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 year ended 31st March, 2021 is HK$8,640,000. The service fee received by the Group from the S.T. Dupont Group in respect of the provision of management and supporting services to the S.T. Dupont Group under the Agreements Nos. 3(a) and 3(b) during the year was HK$6,613,000 which was below the maximum annual cap of HK$8,640,000.

On 18th March, 2021, DCL as service provider and STDML as service receiver entered into a services renewal agreement ("the Renewal Agreement No. 3(a)") together with a renewal agreement on personnel ("the Renewal Agreement No. 3(b)") regarding the renewal of each of the Agreements Nos. 3(a) and 3(b) upon their expiry on 31st March, 2021 for a further period of three years commencing from 1st April, 2021 and ending on 31st March, 2024 with other terms remaining unchanged. The maximum annual caps receivable by the Group for the provision of management and supporting services to the S.T. Dupont Group under the Renewal Agreements Nos. 3(a) and 3(b) for the financial years ending 31st March, 2022, 31st March, 2023 and 31st March, 2024 are HK$7,844,000, HK$9,413,000 and HK$11,296,000 respectively.

(d) On 21st March, 2018, Dickson Interior Design Limited ("DIDL"), a member of the Group, as service provider and STDML, a member of the S.T. Dupont Group, as service receiver entered into 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 cap received by the Group for the provision of interior design services to the S.T. Dupont Group under the Agreement No. 4 for the financial year ended 31st March, 2021 is 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$60,000 which was below the maximum annual cap of HK$1,440,000.

On 18th March, 2021, DIDL as service provider and STDML as service receiver entered into an interior design services renewal agreement ("the Renewal Agreement No. 4") regarding the renewal of the Agreement No. 4 upon its expiry on 31st March, 2021 for a further period of three years commencing from 1st April, 2021 and ending on 31st March, 2024 with other terms remaining unchanged. The maximum annual caps receivable by the Group for the provision of interior design services to the S.T. Dupont Group under the Renewal Agreement No. 4 for the financial years ending 31st March, 2022, 31st March, 2023 and 31st March, 2024 are HK$1,000,000, HK$2,000,000 and HK$2,500,000 respectively.

(e) On 3rd June, 2019, STDSA as licensor and Bondwood Investments Limited ("BIL"), a member of the Group, as licensee entered into a renewal shoe license agreement ("the Agreement No. 5") regarding the renewal of a shoe licence agreement dated 8th June, 2016 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) 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. Both parties may agree to and renew the Agreement No. 5 for a further 2-year period subject to compliance with the applicable Listing Rules. The license fee payable by the Group under the Agreement No. 5 is calculated based on a certain percentage (in the range of 40 per cent. 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 under the Agreement No. 5 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 from the independent third parties at the relevant time. The maximum annual caps paid / 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 Agreement No. 5 for the financial years ended / ending 31st March, 2021 and 31st March, 2022 are HK$10,920,000 and HK$2,002,000 (two months and seven days) respectively. 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 during the year was HK$7,840,000 which was below the maximum annual cap of HK$10,920,000.

On 26th November, 2020, STDSA as licensor and BIL as licensee entered into a second renewal shoe license agreement ("the Renewal Agreement No. 5") regarding the renewal of the Agreement No. 5 with effect from 1st April, 2021 for a further period of two years ending on 31st March, 2023. The Renewal Agreement No. 5 superseded the Agreement No. 5 with effect from 1st April, 2021. The license fee payable by the Group under the Renewal Agreement No. 5 is calculated based on 70 per cent. on the total shoe license royalty revenue received from third parties for the shoe products manufactured in the PRC. The license fee payable under the Renewal Agreement No. 5 shall be payable on a quarterly basis with a credit period of up to 45 days. 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 for the financial years ending 31st March, 2022 and 31st March, 2023 are HK$4,725,000 and HK$5,250,000 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 cap paid 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 year ended 31st March, 2021 is HK$8,000,000. 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$4,179,000 which was below the maximum annual cap of HK$8,000,000.

On 18th March, 2021, STDSA as licensor and BIL as licensee entered into a 1st renewal license agreement ("the Renewal Agreement No. 6") regarding the renewal of the Agreement No. 6 upon its expiry on 31st March, 2021 for a further period of two years commencing from 1st April, 2021 and ending on 31st March, 2023 with other terms remaining unchanged. Both parties may agree to and renew the Renewal Agreement No. 6 for a further two-year period subject to compliance with the applicable Listing Rules. The license fee payable under the Renewal Agreement No. 6 is calculated based on a certain percentage (in the range of 50 per cent. to 70 per cent.) 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 maximum annual caps 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 Renewal Agreement No. 6 for the financial years ending 31st March, 2022 and 31st March, 2023 are HK$13,162,000 and HK$15,048,000 respectively.

(g) On 3rd June, 2019, STDSA as principal and BIL, a member of the Group, as distributor entered into a renewal exclusive distribution agreement ("the Agreement No. 7") regarding the renewal of the exclusive distribution agreement dated 8th June, 2016 in respect of 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) 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. Both parties may agree to and renew the Agreement No. 7 for a further 1-year period 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, 2021, 31st March, 2022 and 31st March, 2023 are HK$52,247,000, HK$65,459,000 and HK$13,637,000 (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$17,266,000 which was below the maximum annual cap of HK$52,247,000.

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

(a) On 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 cap received by the Group for the sales of merchandise to the Artland Group under the Agreement No. 8 for the financial year ended 31st March, 2021 is HK$36,300,000. The sales of merchandise by the Group to the Artland Group under the Agreement No. 8 during the year was HK$27,891,000 which was below the maximum annual cap of HK$36,300,000.

On 18th March, 2021, Castlereagh as seller and AWCL and PWCL as purchasers entered into a merchandise sale and purchase renewal agreement ("the Renewal Agreement No. 8") regarding the renewal of the Agreement No. 8 upon its expiry on 31st March, 2021 for a further period of three years commencing from 1st April, 2021 and ending on 31st March, 2024 with other terms remaining unchanged. Under the Renewal Agreement No. 8, the selling prices of the merchandise are equal to the retail prices less normal trade discounts (in the range of 25 per cent. to 40 per cent.). The maximum annual caps receivable by the Group for the sales of merchandise to the Artland Group under the Renewal Agreement No. 8 for the financial years ending 31st March, 2022, 31st March, 2023 and 31st March, 2024 are HK$35,856,000, HK$43,027,000 and HK$51,633,000 respectively.

(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 cap paid by the Group for the purchases of merchandise from the Artland Group under the Agreement No. 9 for the financial year ended is HK$29,000,000. The purchases of merchandise by the Group from the Artland Group under the Agreement No. 9 during the year was HK$6,378,000 which was below the maximum annual cap of HK$29,000,000.

On 18th March, 2021, AWCL and PWCL as sellers and DCL as purchaser entered into a merchandise sale and purchase renewal agreement ("the Renewal Agreement No. 9") regarding the renewal of the Agreement No. 9 upon its expiry on 31st March, 2021 for a further period of three years commencing from 1st April, 2021 and ending on 31st March, 2024 with other terms remaining unchanged. Under the Renewal Agreement No. 9, the purchase prices of the merchandise are equal to the retail prices less normal trade discounts (in the range of 25 per cent. to 40 per cent.). The maximum annual caps payable by the Group for the purchases of merchandise from the Artland Group under the Renewal Agreement No. 9 for the financial years ending 31st March, 2022, 31st March, 2023 and 31st March, 2024 will be HK$24,000,000, HK$26,400,000 and HK$29,000,000 respectively.

(c) On 23rd September, 2019, 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 lettable area of about 2,898 sq. ft. for a period of three years commencing from 16th September, 2019 and expiring on 15th September, 2022. Under the Agreement No. 10, the monthly licence fee payment in respect of the licensing of the PW HN Corner in the PP Harvey Nichols Store is HK$676,500, which is to be paid in cash within 25 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 in the PP Harvey Nichols Store to the Artland Group under the Agreement No. 10 for the financial years ended / ending 31st March, 2021, 31st March, 2022 and 31st March, 2023, based on the monthly licence fee of HK$676,500, are HK$8,118,000, HK$8,118,000 and HK$3,721,000 (five months and fifteen days) respectively. The licence fee received by the Group from the Artland Group in respect of the licensing of the PW HN Corner to the Artland Group under the Agreement No. 10 during the year was HK$8,118,000 which was the same as the maximum annual cap.

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

On 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 cap paid by the Group for the receipt of advertising, marketing and promotion services from Dickson Communications under the Agreement No. 11 for the financial year ended 31st March, 2021 is HK$14,500,000. 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$6,059,000 which was below the maximum annual cap of HK$14,500,000.

On 18th March, 2021, Dickson Communications as service provider and DCL as service receiver entered into a promotional services renewal agreement ("the Renewal Agreement No. 11") regarding the renewal of the Agreement No. 11 upon its expiry on 31st March, 2021 for a further period of three years commencing from 1st April, 2021 and ending on 31st March, 2024 with other terms remaining unchanged. The maximum annual caps payable by the Group for the receipt of advertising, marketing and promotion services from Dickson Communications under the Renewal Agreement No. 11 for the financial years ending 31st March, 2022, 31st March, 2023 and 31st March, 2024 are HK$10,000,000, HK$12,000,000 and HK$14,400,000 respectively.

4. During the year, the Group has on an on-going basis conducted transactions with Harvey Nichols Group Limited ("HNGL"), a company incorporated in England and Wales with limited liability, which is wholly-owned by a trust established for the benefit of the family members of Sir Dickson Poon, the Group Executive Chairman and a substantial shareholder of the Company, while Mr. Poon Dickson Pearson Guanda (a son of Sir Dickson Poon), an Executive Director and a substantial shareholder of the Company, is a beneficiary of the said trust and also a director of HNGL and certain of its subsidiary companies, principally engaged in the operation of "Harvey Nichols" stores in the United Kingdom and an online store at www.harveynichols.com. These transactions are in relation to the sales transactions made by customers of the Group on the e-Commerce site (www.harveynichols.com/en-hk) ("the HK Website") which is owned by HNGL, 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 23rd September, 2019, HNGL as partner and service provider and HNHKL, a member of the Group, as partner and service receiver entered into a Partnership and Technical Services Agreement ("the Agreement No. 12") setting out terms and conditions in relation to the sales transactions made by customers of the Group on the HK Website for a period of three years commencing from 1st October, 2019 and ending on 30th September, 2022. Under the Agreement No. 12, HNGL shall pay the Group the amount received from sales transactions made by customers of the Group on the HK Website after deduction of all attributable costs ("the Net Proceeds"). The Net Proceeds as a percentage of the HK Website sales revenue are estimated to be about 10 per cent. to 30 per cent.. HNGL shall generate a monthly statement showing details of the Net Proceeds 30 days after month end and shall remit to the Group within 10 working days after providing the monthly statement. The Net Proceeds shall be paid to the Group in GBP or other agreed currency. The maximum annual caps of the Net Proceeds received / receivable by the Group from HNGL for the sales transactions made by customers of the Group on the HK Website under the Agreement No. 12 for the financial years ended / ending 31st March, 2021, 31st March, 2022 and 31st March, 2023 are HK$26,000,000, HK$33,800,000 and HK$22,000,000 (six months) respectively. The Net Proceeds received by the Group from HNGL for the sales transactions made by customers of the Group on the HK Website under the Agreement No. 12 during the year was HK$4,449,000 which was below the maximum annual cap of HK$26,000,000.

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 / 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 cap / maximum annual cap disclosed in the announcements of the Company dated 21st March, 2018, 3rd June, 2019, 23rd September, 2019, 26th November, 2020 and 18th March, 2021 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, 2021 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 45.

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, 10th June, 2021

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, 2021 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, 2021 except code provision A.2.1 of the CG Code as the functions of Chief Executive Officer ("CEO") are now performed by Sir Dickson Poon, the Group Executive Chairman.

Directors' Securities Transactions

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

Reminders are issued half-yearly and on ad hoc basis 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 and any specified periods set by the Company.

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, 2021.

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

Independent Non-Executive Directors ("INEDs")
Mr. Bhanusak Asvaintra
Mr. Nicholas Peter Etches
Mr. Fung Yue Ming, Eugene Michael

The biographical details of the Directors and the relevant relationships among them, if any, are set out in the Report of the Directors on pages 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 two ad hoc Board Meetings and an Annual General Meeting were held during the year ended 31st March, 2021. The attendance record of each Director at the said meetings during the year ended 31st March, 2021 is set out below :-

	Number of Meetings Attended / Held	
Directors	**Board Meetings**	**Annual General Meeting**
Executive Directors		
Sir Dickson Poon *(Group Executive Chairman)*	6/6	1/1
Mr. Chan Hon Chung, Johnny Pollux	6/6	1/1
Mr. Lau Yu Hee, Gary	6/6	0/1
Mr. Poon Dickson Pearson Guanda	6/6	1/1
INEDs		
Mr. Bhanusak Asvaintra	6/6	0/1
Mr. Nicholas Peter Etches	6/6	0/1
Mr. Fung Yue Ming, Eugene Michael	6/6	0/1

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. The Company is responsible for providing every newly appointed Director with an induction and to provide him / her with information and materials relating to his / her responsibilities under applicable statutory and regulatory requirements. In addition, the Company has provided training materials and web based learning resources on updates to regulatory matters to the Directors for the year ended 31st March, 2021.

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, 2021.

The records of training the Directors received during the year ended 31st March, 2021 are as follows :-

Directors	**Attending Conferences, Forums, Seminars and / or Webcasts / Webinars**	**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	✓	✓
INEDs		
Mr. Bhanusak Asvaintra	✓	✓
Mr. Nicholas Peter Etches	✓	✓
Mr. Fung Yue Ming, Eugene 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, 2021 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;

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

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

(vi) reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

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 46 to 50. 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

During the year ended 31st March, 2021, the Company has fully complied with Rules 3.10 and 3.10A of the Listing Rules regarding the number of INEDs and the requirement that at least one of these INEDs must have appropriate professional qualifications.

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 for the year ended 31st March, 2021 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, 2021. The attendance record of each member at the Remuneration Committee Meeting during the year ended 31st March, 2021 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, 2021 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, 2021 and reviewed the amount of Director's fees to be paid to each INED for the year ended 31st March, 2021 for shareholders' approval at the forthcoming Annual General Meeting of the shareholders of the Company to be held on 9th August, 2021 ("the 2021 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, 2021 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, 2021. The attendance record of each member at the Nomination Committee Meeting during the year ended 31st March, 2021 is set out below :-

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

The work performed by the Nomination Committee for the year ended 31st March, 2021 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 for the year ended 31st March, 2020 and considered that each of the INEDs is independent as each of them has met the independence guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules; and

(v) noted those Directors who are required to retire from office by rotation (but eligible for re-election) at the 2021 AGM and considered succession planning for Directors.

The Company has adopted a Director Nomination Policy for the Nomination Committee setting out the approach and procedures in identifying and evaluating candidates for nomination as Directors to the Board for their consideration. According to the Director Nomination Policy, the Nomination Committee shall identify and evaluate new candidates for election to the Board where there is no qualified and available incumbent and shall solicit recommendations from persons that the Committee believes are likely to be familiar with the qualified candidates or engage a professional search firm to assist in identifying qualified candidates.

In identifying and recommending candidates for election (or for re-election) to the Board, the Nomination Committee shall place primary emphasis on (a) character, integrity, expertise, skills and knowledge relevant to the Company's businesses and operations; (b) diversity of viewpoints, backgrounds, business / relevant experiences and other demographics; and (c) the extent to which the interplay of the candidate's expertise, skills, knowledge and experience with that of other members of the Board to constitute an active and responsive board in achieving goals and implementing corporate strategy of the Company.

As to each qualified candidate, the Nomination Committee shall also consider (a) if there is any potential conflicts of interest that might impede the proper performance of the responsibilities of a Director; (b) his ability to apply sound and independent business judgment; (c) the contribution that the candidate can be expected to make to the overall functioning of the Board; and (d) the extent to which the membership of the candidate on the Board will promote diversity of experiences among the Directors.

Based on all available information and relevant considerations, the Nomination Committee shall select a candidate who, in the view of the Nomination Committee, is most suited for membership on 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. Fung Yue Ming, Eugene Michael, both INEDs, as members.

The Terms of Reference of the Audit Committee adopted by the Company 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, 2021. The attendance record of each member at the Audit Committee Meetings during the year ended 31st March, 2021 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. Fung Yue Ming, Eugene Michael	4/4

The work performed by the Audit Committee for the year ended 31st March, 2021 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, 2020 and for the six months ended 30th September, 2020 respectively both from the Independent Auditor;

(iii) reviewed the Interim Review Plan to the Audit Committee for the six months ending 30th September, 2020 from the Independent Auditor;

(iv) reviewed the Audit Plan and Strategy for the year ending 31st March, 2021 from the Independent Auditor;

(v) reviewed the announcements of the Company regarding (i) the Group's final results for the year ended 31st March, 2020; and (ii) the Group's interim results for the six months ended 30th September, 2020;

(vi) reviewed the Company's quarterly operating results and financial highlights for the three months ended 30th June, 2020 and nine months ended 31st December, 2020 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, 2020 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, 2020 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, 2022 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, 2021;

(xiii) reviewed the quarterly reports of the Investment Committee; and

(xiv) considered matters relating to the renewals of the continuing connected transactions with the private group companies.

Investment Committee

During the reporting period, an Investment Committee of the Company was established and comprised four members. It is chaired by Sir Dickson Poon, the Group Executive Chairman, with Mr. Chan Hon Chung, Johnny Pollux and Mr. Poon Dickson Pearson Guanda, both Executive Directors, and Mr. Lo Ming Yue, Edmund Thomas, Managing Director - Business Development of Dreams Concept Limited (a wholly-owned subsidiary company of the Company), as members.

The Company has adopted the Terms of Reference of the Investment Committee at the Board Meeting held on 8th June, 2020. The purpose of the Investment Committee is to assist the Board by overseeing and monitoring the Group's investments and ensuring compliance with all relevant rules and regulations and governance and audit requirements in relation to the Group's investment activities. In particular, the Investment Committee is to assist the Board in :-

(i) reviewing and approving the acquisition, holding and disposal of investments of the Company within the authority delegated by the Board;

(ii) reviewing performance and valuation of the group's investments and advising the Board on its investment of cash, cash equivalents and financial assets;

(iii) reviewing investment policies and guidelines and recommending changes it considers appropriate for the Board's approval; and

(iv) ensuring compliance with all relevant rules and regulations, including as regards price sensitive information and disclosure or approval in relation to any acquisitions, realisations or other transactions relating to any investments of the Group.

Four regular Investment Committee Meetings and three ad hoc Investment Committee Meetings were held during the year ended 31st March, 2021. The attendance record of each member at the Investment Committee Meetings during the year ended 31st March, 2021 is set out below :-

Investment Committee Members	**Number of Meetings Attended / Held**
Sir Dickson Poon *(Chairman)*	7/7
Mr. Chan Hon Chung, Johnny Pollux	7/7
Mr. Poon Dickson Pearson Guanda	7/7
Mr. Lo Ming Yue, Edmund Thomas	7/7

The work performed by the Investment Committee for the year ended 31st March, 2021 was in accordance with the Terms of Reference of the Investment Committee and is summarised below :-

(i) reviewed the acquisition, holding and disposal of investments of the Group;

(ii) reviewed the investment strategies of the Group and the performance and valuation of the investment portfolio on quarterly basis;

(iii) reviewed the investment policies and guidelines of the Group regarding (a) listed shares; (b) bonds and certificates of deposit; (c) unlisted investments; and (d) bank deposits;

(iv) reviewed the risk management, policies and procedures, information flows, reporting lines and lines of defence relating to investments;

(v) requested and received all relevant information relating to investments of the Group;

(vi) reviewed the valuations of investments to be adopted in the year end financial statements including the basis, available information and judgements adopted therein; and

(vii) reviewed the Terms of Reference and recommended any changes as appropriate for the Board's approval.

Auditor's Remuneration

During the year ended 31st March, 2021, the fees charged to the consolidated statement of profit or loss of the Group for the Group's statutory audit services amounted to HK$4,628,000 (2020 : HK$5,075,000), and in addition HK$82,000 (2020 : HK$37,000) 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 46 to 50.

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 inside 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 adopted and reviewed a dividend policy ("the Dividend Policy") for the Company 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, 2021.

By Order of the Board

Dickson Poon
Group Executive Chairman

Hong Kong, 10th June, 2021

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 51 to 116, which comprise the consolidated statement of financial position as at 31st March, 2021, 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, 2021 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 retail market sentiment, in particular under the current economic environment in Hong Kong. The Group primarily sells luxury goods through its retail and distribution network in Hong Kong and Taiwan. 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: • assessing 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 provisioning policy by recalculating the inventory provision based on the percentages of inventory cost and other parameters in the Group's inventory provisioning 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 level of 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 historical accuracy of management's assessment of inventory write-downs and whether there is any indication of management bias by examining the sales or release of the inventory write-downs recorded at the end of the previous financial year during the year; • assessing the Group's inventory provisioning 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.

Impairment of right-of-use assets and property, plant and equipment of retail stores

Refer to notes 10, 11 and 29(b) to the consolidated financial statements and the accounting policies in note 1(g)(ii).

The key audit matter	How the matter was addressed in our audit
The cost of renting retail store premises is a significant component of the Group's operating cash flows. The non-cancellable operating leases for the retail store premises typically run for an initial period of one to eight years. Local economic conditions in particular for the current economic environment in Hong Kong affect customer numbers and spending power such that sales trends for each retail store fluctuate during the lease term. Therefore, there is a risk that the carrying value of right-of-use assets and property, plant and equipment of certain retail stores may not be recoverable in full through the future cash flows to be generated from the operations of those retail stores. Management reviews the performance of individual retail stores at the end of each reporting period to identify if any retail store displays negative performance indicators which could indicate impairment.	Our audit procedures to assess the potential impairment of right-of-use assets and property, plant and equipment of retail stores included the following: • evaluating management's identification of impairment indicators and cash-generating units as well as considering whether the discounted cash flow forecasts on a store-by-store basis supported the carrying value of the relevant assets. We also considered whether the Group's impairment assessment indicated that a reversal of a past impairment loss was required; • assessing the methodology adopted by management in its impairment assessments with reference to the requirements of the prevailing accounting standards; • evaluating the discounted cash flow forecast prepared by management by comparing the most significant inputs used in the discounted cash flow forecasts, including future revenue, gross profit margins, staff costs and rental payments, with the historical performance of these retail stores;

We identified the impairment of right-of-use assets and property, plant and equipment of retail stores to be a key audit matter because estimates of future cash flows and profits of the retail stores are inherently uncertain and determining the recoverable amounts of the right-of-use assets and property, plant and equipment of the retail stores, if any, involves a significant degree of management judgement.	• evaluating the discount rates used in the discounted cash flow forecasts by benchmarking against other similar listed retailers and taking into consideration location and company specific risk premiums; • performing a sensitivity analysis of discount rates and considering the resulting impact on the impairment charge and whether there is any indication of management bias; • enquiring of the Executive Directors and senior members of the sales team about any plans for retail store closures; and • assessing the reasonableness of the Group's disclosures in the consolidated financial statements in respect of impairment testing of right-of-use assets and property, plant and equipment of retail stores, including the key assumptions and sensitivities to changes in such assumptions, with reference to the requirements of the prevailing accounting standards.

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, actions taken to eliminate threats or safeguards applied.

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, 10th June, 2021

	NOTE	**2021** *HK$'000*	2020 *HK$'000*
Revenue	2	**2,275,492**	2,937,710
Cost of sales		**(1,299,565)**	(1,705,302)
Gross profit		**975,927**	1,232,408
Other income	3	**64,480**	1,434,130
Selling and distribution expenses		**(299,440)**	(1,657,748)
Administrative expenses		**(155,502)**	(248,501)
Other operating expenses		**(19,734)**	(22,331)
Operating profit		**565,731**	737,958
Finance costs		**(32,321)**	(42,254)
Profit before taxation	4	**533,410**	695,704
Taxation	7	**(71,590)**	(49,881)
Profit for the year attributable to equity shareholders of the Company		**461,820**	645,823
Earnings per share (basic and diluted)	9	**117.2 cents**	162.9 cents

The notes on pages 57 to 116 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in Note 8.

	2021	2020
	HK$'000	*HK$'000*
Profit for the year	**461,820**	645,823
Other comprehensive income for the year :		
Item that will not be reclassified to profit or loss :		
Remeasurement of net defined benefit liability (no tax expense (2020 : after tax expense of HK$27,000))	**1,000**	549
Item that may be reclassified subsequently to profit or loss :		
Exchange differences on translation of financial statements of overseas subsidiary and associated companies (Note)	**21,782**	(3,432)
Other comprehensive income for the year	**22,782**	(2,883)
Total comprehensive income for the year attributable to equity shareholders of the Company	**484,602**	642,940

Note :-

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

The notes on pages 57 to 116 form part of these financial statements.

	NOTE	**2021** *HK$'000*	2020 *HK$'000*
Non-current assets			
Property, plant and equipment	10	**44,519**	47,813
Right-of-use assets	11	**148,819**	113,646
Deferred tax assets	19(a)	**–**	1,995
Other financial assets	12	**1,318,249**	1,195,424
		1,511,587	1,358,878
Current assets			
Inventories	13	**161,515**	323,477
Debtors, deposits and prepayments	14	**284,623**	374,323
Tax recoverable	7(c)	**5,488**	5,365
Other financial assets	12	**404,074**	239,601
Cash and bank balances	15	**3,073,538**	3,323,006
		3,929,238	4,265,772
Current liabilities			
Bank loans	16	**831,213**	1,059,774
Creditors, accruals and provisions	17	**455,712**	465,035
Lease liabilities	18	**258,204**	314,965
Taxation	7(c)	**84,651**	52,824
		1,629,780	1,892,598
Net current assets		**2,299,458**	2,373,174
Total assets less current liabilities		**3,811,045**	3,732,052
Non-current liabilities			
Lease liabilities	18	**548,071**	738,498
Deferred tax liabilities	19(a)	**21,983**	20,353
Total non-current liabilities		**570,054**	758,851
Net assets		**3,240,991**	2,973,201
Capital and reserves			
Share capital	20	**118,261**	118,261
Reserves	21	**3,122,730**	2,854,940
Total equity attributable to equity shareholders of the Company		**3,240,991**	2,973,201

Approved and authorised for issue by the Board of Directors on 10th June, 2021.

Dickson Poon
Group Executive Chairman

Chan Hon Chung, Johnny Pollux
Executive Director

The notes on pages 57 to 116 form part of these financial statements.

	Attributable to equity shareholders of the Company				
	Share capital *HK$'000* (Note 20)	**Share premium** *HK$'000* (Note 21(a)(i))	**Exchange reserve** *HK$'000* (Note 21(a)(ii))	**Retained profits** *HK$'000*	**Total** *HK$'000*
Balance at 1st April, 2020	**118,261**	**502,561**	**110,271**	**2,242,108**	**2,973,201**
Dividends approved / paid in respect of prior year (Note 8(b)) – by means of cash	**–**	**–**	**–**	**(185,276)**	**(185,276)**
Dividends declared / paid in respect of the current year (Note 8(a)) – by means of cash	**–**	**–**	**–**	**(31,536)**	**(31,536)**
Profit for the year	**–**	**–**	**–**	**461,820**	**461,820**
Other comprehensive income for the year	**–**	**–**	**21,782**	**1,000**	**22,782**
Balance at 31st March, 2021	**118,261**	**502,561**	**132,053**	**2,488,116**	**3,240,991**

	Attributable to equity shareholders of the Company				
	Share capital *HK$'000* (Note 20)	Share premium *HK$'000* (Note 21(a)(i))	Exchange reserve *HK$'000* (Note 21(a)(ii))	Retained profits *HK$'000*	Total *HK$'000*
Balance at 1st April, 2019	119,999	526,415	113,703	1,734,945	2,495,062
Dividends approved / paid in respect of prior year (Note 8(b)) – by means of cash	–	–	–	(107,673)	(107,673)
Dividends declared / paid in respect of the current year (Note 8(a)) – by means of cash	–	–	–	(31,536)	(31,536)
Repurchases of shares of the Company (Note 20)	(1,738)	(23,854)	–	–	(25,592)
Profit for the year	–	–	–	645,823	645,823
Other comprehensive income for the year	–	–	(3,432)	549	(2,883)
Balance at 31st March, 2020	118,261	502,561	110,271	2,242,108	2,973,201

The notes on pages 57 to 116 form part of these financial statements.

		2021		2020	
	NOTE	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit before taxation		**533,410**		695,704	
Adjustments for :-					
Depreciation – property, plant and equipment	4	**20,795**		22,529	
Depreciation – right-of-use assets	4	**73,623**		304,414	
Impairment loss on property, plant and equipment	4	**–**		17,801	
Impairment loss on right-of-use assets (written back) / recognised	4	**(49,800)**		810,911	
Interest income	3	**(19,778)**		(42,512)	
Interest on bank loans	4, 22	**8,960**		14,114	
Interest on lease liabilities	4, 22	**23,361**		28,140	
Loss on disposal of property, plant and equipment	3	**92**		66	
Net gain on disposal of right-of-use assets and lease liabilities		**(12)**		(3,713)	
Impairment loss on listed debt securities measured at amortised cost (written back) / recognised	3	**(974)**		3,824	
Realised (gain) / loss on listed debt securities measured at amortised cost	3	**(1,072)**		1,904	
Net foreign exchange (gain) / loss arising on listed debt securities measured at amortised cost		**(1,570)**		11,116	
Net realised and unrealised gain arising on unlisted equity securities	3	**(53,911)**		(925,529)	
Unrealised loss on listed equity securities at fair value through profit or loss	3	**30,689**		–	
Operating profit before changes in working capital		**563,813**		938,769	
Decrease in inventories		**169,610**		91,947	
Decrease / (increase) in debtors, deposits and prepayments		**91,450**		(47,942)	
(Increase) / decrease in other financial assets – listed debt and equity securities / investment in securities held for trading		**(187,339)**		64,843	
Decrease in creditors, accruals and provisions		**(2,364)**		(150,827)	
Effect of foreign exchange rate changes		**(6,182)**		(1,692)	
Cash generated from operations		**628,988**		895,098	
Hong Kong profits tax refunded / (paid) (net)		**1,152**		(4,480)	
Overseas tax paid (net)		**(40,670)**		(19,990)	
Net cash generated from operating activities			**589,470**		870,628

	NOTE	2021 HK$'000	2021 HK$'000	2020 HK$'000	2020 HK$'000
Investing activities					
Payment for purchase of property, plant and equipment		**(22,620)**		(97,896)	
Payment for purchase of other financial assets		**(260,084)**		(988,733)	
Proceeds from disposal of property, plant and equipment		**22**		11,844	
Net proceeds from sale / redemption of other financial assets		**186,792**		1,237,940	
Interest received		**19,778**		42,512	
Decrease in bank deposits with original maturity over three months		**21,698**		899,275	
Net cash (used in) / generated from investing activities			**(54,414)**		1,104,942
Financing activities					
Payment for repurchases of shares		**–**		(25,592)	
Repayment of bank loans	22	**(228,561)**		–	
Proceeds from new bank loans	22	**–**		1,059,774	
Capital element of lease rentals paid	22	**(305,550)**		(342,603)	
Interest element of lease rentals paid	22	**(24,061)**		(27,810)	
Interest paid	22	**(8,960)**		(14,114)	
Dividends paid		**(216,812)**		(139,209)	
Net cash (used in) / generated from financing activities			**(783,944)**		510,446
Net (decrease) / increase in cash and cash equivalents			**(248,888)**		2,486,016
Cash and cash equivalents at 1st April			**3,301,308**		818,046
Effect of foreign exchange rate changes			**21,118**		(2,754)
Cash and cash equivalents at 31st March	15		**3,073,538**		3,301,308

The notes on pages 57 to 116 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 amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial positon for the current or prior periods have been prepared or presented 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 33).

(a) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31st March, 2021 comprise the Company and its subsidiary companies (together referred to as "the Group").

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 29.

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 ("FVPL") 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 28. 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)*

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 ("FVOCI") – 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.

— FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (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 FVPL 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 FVOCI (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 FVPL or FVOCI, 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)*

(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.

(f) Property, plant and equipment, right-of-use assets and depreciation

Property, plant and equipment and right-of-use assets (see Note 1(i)) 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
Right-of-use assets	over the remaining lease term

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.

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

(g) Credit losses and impairment of assets

(i) Credit losses from financial instruments

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).

Other financial assets measured at fair value, including equity securities measured at FVPL 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 debtors 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)*

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)*

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.

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

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

(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;
- right-of-use assets; and
- investments in subsidiary companies and an associated company in the Company's statement of financial position.

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.

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

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

(iii) Interim financial reporting and impairment

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

(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.

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

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use assets and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 1(g)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities separately in the consolidated statement of financial position.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

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. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 1(g)(i).

(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 Mainland 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. 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.

When the benefits of a scheme are changed, or when a scheme is curtailed, current service cost for 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.

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

Income is classified by the Group as revenue when it arises from the sales of goods or the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service 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 customers.

(ii) Net trading income of securities investment

Net trading income comprises gains less losses related to trading assets, and includes all fair value changes, interest, dividends and foreign exchange difference.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (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.

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

(q) Revenue recognition *(cont'd)*

(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.

(vi) Government subsidies

Government subsidies are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Government subsidies are deducted from operation expenses.

(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 consolidated 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)).

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, net income from concession and consignment sales, fair value change on 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 :-

	2021	2020
	HK\$'000	*HK\$'000*
Revenue from Sale of Luxury Goods and net income from concession and consignment sales		
Watches and jewellery	**1,044,842**	1,439,222
Cosmetics and beauty products	**663,393**	869,686
Fashion and accessories	**455,303**	619,611
	2,163,538	2,928,519
Revenue from Securities Investment		
Dividend income	**2,552**	309
Fair value change on securities held for trading	**46,402**	(39,697)
Interest income from debt securities and short-term bank deposits under Securities Investment segment	**63,000**	48,579
	111,954	9,191
	2,275,492	2,937,710

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*.

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

(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 is profit after taxation.

Segment assets include all current and non-current assets of individual assets.

Segment liabilities include creditors, accruals and provisions, lease liabilities 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)*

(i) Segment results, assets and liabilities *(cont'd)*

Information regarding the Group's reportable segments for the years ended 31st March, 2021 and 31st March, 2020 respectively is set out below.

	Sale of Luxury Goods		**Securities Investment**		**Total**	
	2021	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**2,163,538**	2,928,519	**111,954**	9,191	**2,275,492**	2,937,710
Reportable segment revenue	**2,163,538**	2,928,519	**111,954**	9,191	**2,275,492**	2,937,710
Reportable segment profit / (loss)	**372,476**	(209,472)	**89,344**	855,295	**461,820**	645,823
Reportable segment assets	**3,548,721**	3,596,345	**2,317,714**	2,055,951	**5,866,435**	5,652,296
Additions to non-current segment assets during the year	**73,200**	567,939	**–**	–	**73,200**	567,939
Reportable segment liabilities	**1,335,438**	1,561,508	**1,290,006**	1,117,587	**2,625,444**	2,679,095

	Sale of Luxury Goods		**Securities Investment**		**Total**	
	2021	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment profit / (loss) included :						
Interest income	**19,778**	42,512	**63,000**	48,579	**82,778**	91,091
Interest expenses						
– bank loan	**–**	–	**(8,960)**	(14,114)	**(8,960)**	(14,114)
– lease liabilities	**(23,361)**	(28,140)	**–**	–	**(23,361)**	(28,140)
Depreciation						
– property, plant and equipment	**(20,795)**	(22,529)	**–**	–	**(20,795)**	(22,529)
– right-of-use assets	**(73,623)**	(304,414)	**–**	–	**(73,623)**	(304,414)
Loss on disposal of property, plant and equipment	**(92)**	(66)	**–**	–	**(92)**	(66)
Net realised and unrealised gain on unlisted equity securities	**–**	–	**53,911**	925,529	**53,911**	925,529
Unrealised loss on listed equity securities at fair value through profit or loss	**–**	–	**(30,689)**	–	**(30,689)**	–
Impairment loss written back / (recognised)						
– property, plant and equipment	**–**	(17,801)	**–**	–	**–**	(17,801)
– right-of-use assets	**49,800**	(810,911)	**–**	–	**49,800**	(810,911)
Provision for taxation	**(71,590)**	(49,881)	**–**	–	**(71,590)**	(49,881)
Other income (Note)	**10,000**	502,844	**–**	–	**10,000**	502,844

Note :-

Other income represents amounts received / receivable by the Group for termination / expiration of store and distribution licences.

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

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

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

Revenue and profit

No reconciliation of revenue and profit is required as the total reportable segments' figures are equal to the Group's consolidated figures.

	2021	2020
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**5,866,435**	5,652,296
Elimination of inter-segment receivables	**(425,610)**	(27,646)
Consolidated total assets	**5,440,825**	5,624,650

	2021	2020
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**2,625,444**	2,679,095
Elimination of inter-segment payables	**(425,610)**	(27,646)
Consolidated total liabilities	**2,199,834**	2,651,449

(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 right-of-use assets. 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.

	Revenues from external customers		**Specified non-current assets**	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**1,654,449**	2,395,794	**154,728**	109,728
Taiwan	**423,466**	457,227	**25,803**	39,993
Other territories	**85,623**	75,498	**12,807**	11,738
	509,089	532,725	**38,610**	51,731
Revenue from sales of luxury goods and net income from concession and consignment sales	**2,163,538**	2,928,519	**–**	–
Revenue from securities investment	**111,954**	9,191	**–**	–
Total	**2,275,492**	2,937,710	**193,338**	161,459

3. OTHER INCOME

	2021	2020
	HK$'000	*HK$'000*
Net realised and unrealised gain on unlisted equity securities (Note a)	**53,911**	925,529
Unrealised loss on listed equity securities at fair value through profit or loss	**(30,689)**	–
Unrealised loss on listed equity securities held for trading at fair value	**–**	(7,722)
Unrealised loss on investment in securities held for trading at fair value	**–**	(3,935)
Realised gain / (loss) on listed debt securities measured at amortised cost	**1,072**	(1,904)
Impairment loss on listed debt securities measured at amortised cost written back / (recognised)	**974**	(3,824)
Interest income	**19,778**	42,512
Loss on disposal of property, plant and equipment	**(92)**	(66)
Net foreign exchange gain / (loss)	**9,526**	(19,304)
Other income (Note b)	**10,000**	502,844
	64,480	1,434,130

Notes :-

a. Net realised and unrealised gain on unlisted equity securities in last financial year included a realised gain of HK$928,575,000 from the cancellation of the Group's entire equity interest in an unlisted investment in exchange for cash consideration as a result of a merger.

b. Other income represents amounts received / receivable by the Group for termination / expiration of store and distribution licences.

4. PROFIT BEFORE TAXATION

	2021	2020
	HK$'000	*HK$'000*
Profit before taxation is arrived at after charging / (crediting) :-		
Auditors' remuneration		
– audit services	**4,628**	5,075
– other services	**82**	37
Cost of inventories (Note 13)	**1,301,001**	1,707,683
Depreciation		
– property, plant and equipment (Note 10)	**20,795**	22,529
– right-of-use assets (Note 11)	**73,623**	304,414
Impairment loss on property, plant and equipment (Note 10)	**–**	17,801
Impairment loss on right-of-use assets (written back) / recognised (Note 11)	**(49,800)**	810,911
Impairment loss on trade debtors (written back) / recognised	**(46)**	4
Interest on bank overdrafts and loans repayable within five years	**8,960**	14,114
Interest on lease liabilities	**23,361**	28,140
Staff costs (including directors' emoluments)	**278,325**	416,846
Including :-		
Contributions to defined contribution retirement schemes	**9,761**	15,537
Income recognised in respect of defined benefit retirement scheme	**(39)**	(525)

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 is as follows :-

	Directors' fees *HK$'000*	**Salaries, allowances and benefits in kind** *HK$'000*	**Discretionary bonuses** *HK$'000*	**Retirement scheme contributions** *HK$'000*	**2021 Total** *HK$'000*
Executive directors					
Dickson Poon	**10**	**3,602**	**9,000**	**18**	**12,630**
Chan Hon Chung, Johnny Pollux	**10**	**1,398**	**3,200**	**18**	**4,626**
Lau Yu Hee, Gary	**10**	**1,629**	**2,067**	**–**	**3,706**
Poon Dickson Pearson Guanda	**10**	**985**	**3,500**	**18**	**4,513**
Independent non-executive directors					
Bhanusak Asvaintra	**225**	**–**	**–**	**–**	**225**
Nicholas Peter Etches	**223**	**–**	**–**	**–**	**223**
Fung Yue Ming, Eugene Michael (Appointed on 1st August, 2019)	**149**	**–**	**–**	**–**	**149**
Leung Kai Hung, Michael (Resigned on 1st August, 2019)	**73**	**–**	**–**	**–**	**73**
	710	**7,614**	**17,767**	**54**	**26,145**

	Directors' fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary bonuses *HK$'000*	Retirement scheme contributions *HK$'000*	2020 Total *HK$'000*
Executive directors					
Dickson Poon	10	5,600	9,000	18	14,628
Chan Hon Chung, Johnny Pollux	10	1,745	4,349	18	6,122
Lau Yu Hee, Gary	10	2,174	1,064	–	3,248
Poon Dickson Pearson Guanda	–	1,469	2,000	18	3,487
Independent non-executive directors					
Bhanusak Asvaintra	225	–	–	–	225
Nicholas Peter Etches	225	–	–	–	225
Fung Yue Ming, Eugene Michael (Appointed on 1st August, 2019)	–	–	–	–	–
Leung Kai Hung, Michael (Resigned on 1st August, 2019)	225	–	–	–	225
	705	10,988	16,413	54	28,160

6. REMUNERATION OF THE FIVE HIGHEST PAID INDIVIDUALS

Among the five highest paid individuals, three (2020 : three) are directors whose remuneration is disclosed in Note 5. The aggregate of the remuneration of the other two (2020 : two) highest paid individuals is as follows :-

	2021	2020
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**7,833**	5,879
Discretionary bonuses	**5,255**	2,461
Retirement scheme contributions	**36**	30
	13,124	8,370

The remuneration of the two (2020 : two) individuals falls within the following bands :-

	2021	2020
	Number of individuals	*Number of individuals*
HK$3,500,001 – 4,000,000	**1**	–
HK$4,000,001 – 4,500,000	**–**	2
HK$9,000,001 – 9,500,000	**1**	–
	2	2

7. *TAXATION*

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

	2021	2020
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**70,994**	5,685
(Over) / under-provision in respect of prior years	**(4,129)**	308
	66,865	5,993
Current tax – Overseas		
Provision for the year	**3,090**	42,927
Over-provision in respect of prior years	**(490)**	(23)
	2,600	42,904
Deferred tax		
Origination and reversal of temporary differences (Note 19(a))	**2,125**	984
Total income tax expense	**71,590**	49,881

The provision for Hong Kong Profits Tax for 2021 is calculated at 16.5 per cent. (2020 : 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 :-

	2021	2020
	HK$'000	*HK$'000*
Profit before taxation	**533,410**	695,704
Notional tax on accounting profit calculated at applicable tax rates	**144,351**	124,388
Tax effect of non-deductible expenses	**15,110**	26,999
Tax effect of non-taxable income	**(34,995)**	(238,672)
Tax effect of prior years' unrecognised tax losses utilised this year	**(15,975)**	(30,504)
Tax effect of temporary differences not recognised	**(58,899)**	140,617
Tax effect of unused tax losses not recognised	**26,617**	26,768
(Over) / under-provision in prior years	**(4,619)**	285
Actual tax expense	**71,590**	49,881

(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 :-

	2021	2020
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK8 cents (2020 : HK8 cents) per ordinary share	**31,536**	31,536
Final dividend proposed after the end of the reporting period of HK27 cents (2020 : HK27 cents) per ordinary share	**106,435**	106,435
No special dividend was proposed after the end of the reporting period (2020 : HK20 cents per ordinary share)	**–**	78,841

The final dividend and special 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 :-

	2021	2020
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK27 cents (2019 : HK27 cents) per ordinary share	**106,435**	107,673
Special dividend in respect of the previous financial year, approved and paid during the year, of HK20 cents (2019 : Nil) per ordinary share	**78,841**	–

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$461,820,000 (2020 : HK$645,823,000) and the weighted average number of 394,202,808 ordinary shares (2020 : 396,524,862 ordinary shares) in issue during the year.

Weighted average number of ordinary shares

	2021	2020
	Number of shares	Number of shares
	Thousands	*Thousands*
Issued ordinary shares at 1st April	**394,203**	399,998
Effect of repurchase of shares	**–**	(3,473)
Weighted average number of ordinary shares at 31st March	**394,203**	396,525

Basic earnings per share are the same as diluted earnings per share for both years as the Company has no potential dilutive 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 :-				
Balance at 1st April, 2020	**56,349**	**295,625**	**233,901**	**585,875**
Exchange difference	**–**	**4,318**	**1,493**	**5,811**
Additions	**–**	**14,423**	**2,238**	**16,661**
Disposals	**–**	**(111,479)**	**(50,001)**	**(161,480)**
At 31st March, 2021	**56,349**	**202,887**	**187,631**	**446,867**
Aggregate depreciation :-				
Balance at 1st April, 2020	**34,536**	**279,883**	**223,643**	**538,062**
Exchange difference	**–**	**3,470**	**1,387**	**4,857**
Charge for the year	**1,497**	**16,346**	**2,952**	**20,795**
Written back on disposals	**–**	**(111,452)**	**(49,914)**	**(161,366)**
At 31st March, 2021	**36,033**	**188,247**	**178,068**	**402,348**
Net book value :-				
At 31st March, 2021	**20,316**	**14,640**	**9,563**	**44,519**
Cost :-				
Balance at 1st April, 2019	56,349	381,374	267,824	705,547
Exchange difference	–	(306)	(588)	(894)
Additions	–	25,752	9,157	34,909
Disposals	–	(111,195)	(42,492)	(153,687)
At 31st March, 2020	56,349	295,625	233,901	585,875
Aggregate depreciation :-				
Balance at 1st April, 2019	33,039	352,122	255,174	640,335
Exchange difference	–	(270)	(556)	(826)
Charge for the year	1,497	16,442	4,590	22,529
Impairment loss	–	11,571	6,230	17,801
Written back on disposals	–	(99,982)	(41,795)	(141,777)
At 31st March, 2020	34,536	279,883	223,643	538,062
Net book value :-				
At 31st March, 2020	21,813	15,742	10,258	47,813

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

Net book value of land and buildings comprises :-

	2021	2020
	HK$'000	*HK$'000*
Long-term leases in Hong Kong	**20,316**	21,813

The Group holds commercial buildings for its business. The Group is the registered owner of these property interests, including the part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the government authority. These payments vary from time to time and are payable to the government authority.

During the year ended 31st March, 2020, management performed an impairment assessment on certain property, plant and equipment of the Group's retail stores in accordance with the accounting policy on impairment of assets. Based on the assessment, an impairment loss of HK$17,801,000 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 10.0 per cent. per annum.

11. RIGHT-OF-USE ASSETS

	NOTE	2021 HK$'000	2020 HK$'000
Land and buildings	(i)	**148,819**	113,646

The analysis of expense items in relation to leases recognised in profit or loss is as follows :-

	2021 HK$'000	2020 HK$'000
Depreciation charge of right-of-use assets	**73,623**	304,414
Impairment loss on right-of-use assets (written back) / recognised	**(49,800)**	810,911
Interest on lease liabilities	**23,361**	28,140
Low-value assets lease expenses	**740**	1,082
Short-term lease expenses	**10,994**	10,016
Variable lease payments not included in the measurement of lease liabilities	**43,731**	151,584

The management performed an impairment assessment on certain right-of-use assets of the Group's retail stores in accordance with the accounting policy on impairment of assets. Based on the assessment, an impairment loss of HK$49,800,000 was written back (2020 : HK$810,911,000 was recognised) in respect of the respective right-of-use assets and credited / charged to the consolidated statement of profit or loss. The recoverable amounts of these right-of-use assets were determined based on the estimated future cash flows generated from these retail stores for the remaining non-cancellable lease term of the respective retail stores at a discount rate of 10.0 per cent. (2020 : 10.0 per cent.) per annum.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 22(b) and 18 respectively.

Note :-

(i) The Group has obtained the right-of-use assets as its offices, retail stores and warehouses through tenancy agreements. The leases typically run for an initial period of 1 to 8 years. During the year, additions to right-of-use assets were HK$56,539,000 (2020 : HK$533,030,000).

12. OTHER FINANCIAL ASSETS

Other financial assets comprise :-

	2021	2020
	HK$'000	*HK$'000*
Non-current assets		
Listed equity securities designated at fair value through profit or loss	**59,694**	–
Unlisted equity and non-equity securities designated at fair value through profit or loss	**139,968**	75,314
Listed debt securities measured at amortised cost net of loss allowance	**1,118,587**	1,120,110
	1,318,249	1,195,424
Current assets		
Listed equity and non-equity securities held for trading at fair value	**326,353**	141,046
Investment in securities held for trading at fair value	**–**	75,689
Unlisted non-equity securities measured at amortised cost net of loss allowance	**77,721**	–
Listed debt securities measured at amortised cost net of loss allowance	**–**	22,866
	404,074	239,601
	1,722,323	1,435,025

13. INVENTORIES

	2021	2020
	HK$'000	*HK$'000*
Finished goods	**161,515**	323,477

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

	2021	2020
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**1,299,565**	1,705,302
Write-down of inventories	**1,436**	2,381
	1,301,001	1,707,683

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

	2021	2020
	HK$'000	*HK$'000*
Trade debtors	**56,606**	38,848
Less : loss allowance	**(4,745)**	(5,052)
	51,861	33,796
Other debtors, deposits and prepayments	**232,762**	340,527
	284,623	374,323

All debtors, deposits and prepayments of the Group, apart from certain rental deposits totalling HK$71,403,000 (2020 : HK$104,158,000), are expected to be recovered or recognised as an expense within one year.

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 :-

	2021	2020
	HK$'000	*HK$'000*
Current	**51,861**	33,796

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 27(a).

15. CASH AND BANK BALANCES

Cash and bank balances comprise :-

	2021	2020
	HK$'000	*HK$'000*
Cash and cash equivalents in the consolidated cash flow statement	**3,073,538**	3,301,308
Deposits with original maturity over three months	**–**	21,698
Cash and bank balances	**3,073,538**	3,323,006

The effective deposit interest rates at the end of the reporting period for the Group is 0.27 per cent. (2020 : 1.91 per cent.) per annum. Their refixing dates are all within one year.

16. BANK LOANS

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

	2021	2020
	HK$'000	*HK$'000*
Secured	**831,213**	1,059,774

At the end of the reporting period, the banking facilities of subsidiary companies were secured by charges over certain debt and equity securities with aggregate carrying value of HK$1,368,542,000 (2020 : HK$1,359,711,000). The effective borrowing interest rate at the end of the reporting period for the Group was 0.75 per cent. (2020 : 1.78 per cent.) per annum.

17. CREDITORS, ACCRUALS AND PROVISIONS

	2021	2020
	HK$'000	*HK$'000*
Trade creditors	**139,760**	93,447
Contract liabilities (Note 17(a))	**35,322**	41,447
Net defined benefit asset	**(2,299)**	(2,036)
Other creditors, accruals and provisions	**282,929**	332,177
	455,712	465,035

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

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 :-

	2021	2020
	HK$'000	*HK$'000*
Current	**138,147**	93,447
1 to 30 days overdue	**674**	–
31 to 60 days overdue	**939**	–
	139,760	93,447

The amount of the Group's creditors, accruals and provisions expected to be settled after more than one year is HK$55,667,000 (2020 : HK$59,609,000).

(a) Contract liabilities

	2021	2020
	HK$'000	*HK$'000*
Advances received from gift certificates	**15,535**	35,478
Receipt in advance	**19,787**	5,969
	35,322	41,447

Movement of contract liabilities :-

	2021	2020
	HK$'000	*HK$'000*
At 1st April	**41,447**	16,711
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	**(39,007)**	(11,786)
Increase in contract liabilities as a result of issuance of gift certificates	**14,652**	35,063
Increase in contract liabilities as a result of increase in receipts in advance	**18,230**	1,459
At 31st March	**35,322**	41,447

As at 31st March, 2021, the amount of contract liabilities expected to be recognised as revenue after more than one year is HK$5,531,000 (2020 : HK$2,861,000).

18. *LEASE LIABILITIES*

At the end of the reporting period, the lease liabilities were repayable as follows :-

	2021	2020
	HK$'000	*HK$'000*
Within 1 year	**258,204**	314,965
After 1 year but within 2 years	**191,187**	219,552
After 2 years but within 5 years	**283,062**	391,709
After 5 years	**73,822**	127,237
	548,071	738,498
	806,275	1,053,463

19. DEFERRED TAXATION

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

	2021	2020
	HK$'000	*HK$'000*
Deferred tax assets	**–**	(1,995)
Deferred tax liabilities	**21,983**	20,353
	21,983	18,358

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, 2020	**482**	**19,871**	**(1,995)**	**18,358**
Exchange difference	**–**	**1,597**	**(97)**	**1,500**
Charged to the consolidated statement of profit or loss	**33**	**–**	**2,092**	**2,125**
At 31st March, 2021	**515**	**21,468**	**–**	**21,983**
At 1st April, 2019	448	21,159	(2,958)	18,649
Exchange difference	–	(1,288)	(14)	(1,302)
Charged to the consolidated statement of profit or loss	34	–	950	984
Charged to reserve	–	–	27	27
At 31st March, 2020	482	19,871	(1,995)	18,358

19. DEFERRED TAXATION *(cont'd)*

(b) Deferred tax assets not recognised

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

	2021	2020
	HK$'000	*HK$'000*
Deductible temporary differences	**119,627**	194,803
Future benefit of tax losses	**126,120**	112,466
	245,747	307,269

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$25,082,000 (2020 : HK$24,659,000) future benefit of tax losses will expire within a range of 1 to 6 years from 1st April, 2021. The remaining balance of tax losses has no expiry date under current tax legislation.

(c) Deferred tax liabilities not recognised

At 31st March, 2021, temporary differences relating to the undistributed profits of a subsidiary company amounted to HK$306,308,000 (2020 : HK$297,312,000). Deferred tax liabilities of HK$64,325,000 (2020 : HK$62,435,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of this subsidiary company and that it is probable that retained profits will not be distributed in the foreseeable future.

20. SHARE CAPITAL

	2021		2020	
	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	**394,203**	**118,261**	399,998	119,999
Repurchases of shares	**–**	**–**	(5,795)	(1,738)
Balance carried forward	**394,203**	**118,261**	394,203	118,261

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.

At no time during the year ended 31st March, 2021 was there any purchase, sale or redemption by the Company, or any of its subsidiary companies, of the Company's ordinary shares.

20. SHARE CAPITAL *(cont'd)*

During the year ended 31st March, 2020, the Company repurchased a total of 5,795,500 ordinary shares on the Stock Exchange at an aggregate purchase price (excluding expenses) of HK$25,479,095 and such repurchased shares were subsequently cancelled during the year ended 31st March, 2020. Details of the ordinary shares repurchased on the Stock Exchange during the year ended 31st March, 2020 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$*	*HK$*
July 2019	1,462,500	4.95	4.35	6,899,540
August 2019	1,393,000	4.50	4.13	5,966,755
September 2019	2,264,500	4.30	4.19	9,730,610
October 2019	675,500	4.28	4.18	2,882,190

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, 2020. As at the date of these financial statements, the number of issued shares of the Company is 394,202,808 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.

20. 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, 2021, no share options had been granted to any of the directors or employees of the Company or any of its subsidiary companies under the Scheme.

21. *CAPITAL AND RESERVES*

The Group

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity on page 54.

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, 2020	**118,261**	**502,561**	**486,989**	**1,107,811**
Dividends approved / paid in respect of prior year (Note 8(b))				
– by means of cash	**–**	**–**	**(185,276)**	**(185,276)**
Dividends declared / paid in respect of the current year (Note 8(a))				
– by means of cash	**–**	**–**	**(31,536)**	**(31,536)**
Profit for the year	**–**	**–**	**216,953**	**216,953**
At 31st March, 2021	**118,261**	**502,561**	**487,130**	**1,107,952**
At 1st April, 2019	119,999	526,415	487,646	1,134,060
Dividends approved / paid in respect of prior year (Note 8(b))				
– by means of cash	–	–	(107,673)	(107,673)
Dividends declared / paid in respect of the current year (Note 8(a))				
– by means of cash	–	–	(31,536)	(31,536)
Repurchases of shares of the Company (Note 20)	(1,738)	(23,854)	–	(25,592)
Profit for the year	–	–	138,552	138,552
At 31st March, 2020	118,261	502,561	486,989	1,107,811

21. 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, 2021 amounted to HK$487,130,000 (2020 : HK$486,989,000).

(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, 2021 and 31st March, 2020 respectively.

At 31st March, 2021, the Group had bank loans amounting to HK$831,213,000 (2020 : HK$1,059,774,000). The total cash balance exceed the total bank borrowings by HK$2,242,325,000 (as at 31st March, 2020 : HK$2,263,232,000).

The Group's capital structure is as follows :-

	The Group	
	2021	2020
	HK$'000	*HK$'000*
Total equity	**3,240,991**	2,973,201

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

22. OTHER CASH FLOW INFORMATION

(a) 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.

	Bank loans *HK$'000*	**Lease liabilities** *HK$'000*	**Total** *HK$'000*
Balance at 1st April, 2020	**1,059,774**	**1,053,463**	**2,113,237**
Changes from financing cash flows :-			
Net repayment of bank loans	**(228,561)**	**–**	**(228,561)**
Interest paid	**(8,960)**	**–**	**(8,960)**
Capital element of lease rentals paid	**–**	**(305,550)**	**(305,550)**
Interest element of lease rentals paid	**–**	**(24,061)**	**(24,061)**
Total changes from financing cash flows	**(237,521)**	**(329,611)**	**(567,132)**
Exchange adjustments	**–**	**2,509**	**2,509**
Other changes :-			
Increase in lease liabilities from entering into new leases during the period	**–**	**56,539**	**56,539**
Interest expenses	**8,960**	**23,361**	**32,321**
Disposal	**–**	**(239)**	**(239)**
Other movement	**–**	**253**	**253**
	8,960	**79,914**	**88,874**
Balance at 31st March, 2021	**831,213**	**806,275**	**1,637,488**

	Bank loans *HK$'000*	Lease liabilities *HK$'000*	Total *HK$'000*
Balance at 1st April, 2019	–	965,377	965,377
Changes from financing cash flows :-			
Net proceeds from new bank loans	1,059,774	–	1,059,774
Interest paid	(14,114)	–	(14,114)
Capital element of lease rentals paid	–	(342,603)	(342,603)
Interest element of lease rentals paid	–	(27,810)	(27,810)
Total changes from financing cash flows	1,045,660	(370,413)	675,247
Exchange adjustments	–	(880)	(880)
Other changes :-			
Increase in lease liabilities from entering into new leases during the period	–	532,973	532,973
Interest expenses	14,114	28,140	42,254
Disposal	–	(99,566)	(99,566)
Other movement	–	(2,168)	(2,168)
	14,114	459,379	473,493
Balance at 31st March, 2020	1,059,774	1,053,463	2,113,237

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

22. OTHER CASH FLOW INFORMATION *(cont'd)*

(b) Total cash outflow for leases

Amount included in the consolidated cash flow statement for leases comprises the following :-

	2021	2020
	HK$'000	*HK$'000*
Within operating cash flows	**55,465**	162,682
Within financing cash flows	**329,611**	370,413
	385,076	533,095

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

	2021	2020
	HK$'000	*HK$'000*
Sales of goods	**28,009**	33,037
Purchases of goods	**25,575**	58,123
Income from the provision of management and supporting service	**6,965**	5,463
Rental income	**8,118**	7,813
Advertising and promotion service expenses	**6,059**	7,358
Commission expenses	**12,019**	9,370
Net proceeds from e-Commerce	**4,449**	149

The amounts due from these companies at 31st March, 2021 amounted to HK$763,000 (2020 : HK$362,000) and the amounts due to these companies at 31st March, 2021 amounted to HK$7,376,000 (2020 : HK$2,606,000), which are interest free, unsecured and have repayment terms ranging from 20 days to 90 days.

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

The related party transactions in respect of Note 23(b)(i) 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.

24. 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, 2021 and was prepared by Dr. Magic Lin, Actuary, EA, A.S.A., FAIRC, Ph.D.. The Group has contributed HK$21,000 (2020 : HK$71,000) to the scheme.

The present value of obligations under the scheme is HK$6,590,000 (2020 : HK$9,939,000) with HK$8,889,000 (2020 : HK$11,975,000) covered by plan assets carried at fair value, which are mainly composed of bank deposits.

Service income, including net interest income on the scheme, of HK$39,000 (2020 : HK$525,000) was credited to profit or loss, with actuarial gain (net of tax) of HK$1,000,000 (2020 : HK$549,000) recognised in other comprehensive income. Discount rate of 0.4 per cent. (2020 : 0.5 per cent.) and future salary increase of 2.25 per cent. (2020 : 2.5 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 Mainland 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 at 6 per cent. of the payroll of the employees who choose to participate in the scheme. Contributions to the scheme vest immediately.

25. CAPITAL COMMITMENTS

Capital commitments outstanding at 31st March, 2021 not provided for in the consolidated financial statements were as follows :-

	2021 ***HK$'000***	2020 *HK$'000*
Contracted for	**–**	1,339
Authorised but not contracted for	**–**	–
	–	1,339

26. CONTINGENT LIABILITIES

At 31st March, 2021, the Company had the following contingent liabilities in respect of :-

(a) Guarantees of HK$854,255,000 (2020 : HK$853,709,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK$96,884,000 (2020 : HK$97,053,000) at the end of the reporting period.

(b) Guarantees given to licensors and landlords to guarantee the performance by certain subsidiary companies of obligations under certain agreements. The amount due under the agreements was HK$105,000 (2020 : HK$6,430,000) 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 above guarantees. No provision was therefore made in this respect at 31st March, 2021 and 31st March, 2020 respectively.

27. 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 investments 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 deposits, 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.

Deposits are made to landlords with sound credit ratings and the Group has exposure limits to the amounts deposited in each of the landlords. While the deposits made to the landlords are also subject to the impairment requirements of HKFRS 9, there was no identified impairment loss as at 31st March, 2021 and 2020.

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.

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

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

(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 the end of each 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.

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, 2021 and 31st March, 2020.

	2021			2020		
	Expected loss rate	**Gross carrying amount** *HK$'000*	**Loss allowance** *HK$'000*	Expected loss rate	Gross carrying amount *HK$'000*	Loss allowance *HK$'000*
Neither past due nor impaired	**5.4%**	**54,812**	**(2,951)**	7.8%	36,651	(2,855)
Less than 1 month past due	**–**	**–**	**–**	100.0%	36	(36)
Over 3 months past due	**100.0%**	**1,794**	**(1,794)**	100.0%	2,161	(2,161)
		56,606	**(4,745)**		38,848	(5,052)

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.

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

	2021 *HK$'000*	2020 *HK$'000*
At 1st April	**5,052**	5,068
Exchange difference	**179**	19
Impairment loss (written back) / recognised	**(46)**	4
Bad debts written off	**(440)**	(39)
At 31st March	**4,745**	5,052

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

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

(ii) Investments in debt securities

Investments in debt securities are normally in liquid securities quoted on recognised stock exchanges, issued by corporates 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 take further actions of any change.

At 31st March, 2021, the Group held listed debt securities measured at amortised cost of HK$1,118,587,000 (2020 : HK$1,142,976,000). Management assessed the credit risk of each of the Group's investments in debt securities with reference to the grading by market credit rating agencies, where available, and default probability analysis performed by external agencies. As at the end of the reporting period, no significant increase in credit risk was identified since the initial recognition of each investment. The loss allowance recognised during the year was limited to 12 months expected credit losses.

The Group estimated credit loss based on the respective 12 months default risk rate as at 31st March, 2021 for the issuers of listed debt securities, which were obtained from external agencies. The loss allowance for investment in debt securities measured at amortised cost was recognised in profit or loss during the year.

Movement in the loss allowance for debt securities measured at amortised cost during the year is as follows :-

	2021	2020
	HK$'000	*HK$'000*
At 1st April	**3,824**	–
(Decrease) /increase in loss allowance recognised in profit or loss during the year	**(974)**	3,824
At 31st March	**2,850**	3,824

27. *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 table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which is based on contractual undiscounted cash flow (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$'000*	**Total contractual undiscounted cash flow** *HK$'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, 2021					
Creditors, accruals and provisions	**455,712**	**455,712**	**400,045**	**16,735**	**38,932**
Bank loans	**831,213**	**831,734**	**831,734**	**–**	**–**
Lease liabilities	**806,275**	**847,078**	**273,940**	**498,198**	**74,940**
	2,093,200	**2,134,524**	**1,505,719**	**514,933**	**113,872**
At 31st March, 2020					
Creditors, accruals and provisions	465,035	465,035	405,426	34,339	25,270
Bank loans	1,059,774	1,060,459	1,060,459	–	–
Lease liabilities	1,053,463	1,116,728	338,096	647,772	130,860
	2,578,272	2,642,222	1,803,981	682,111	156,130

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

(c) Interest rate risk

Except for the short-term bank borrowings of HK$831,213,000 (2020 : HK$1,059,774,000) held at effective interest rate of 0.75 per cent. per annum (2020 : 1.78 per cent.) as at 31st March, 2021, 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 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 entities 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 of the Group may use forward foreign exchange contracts when major fluctuation in the relevant foreign currency is anticipated.

(e) Price risk

The Group is exposed to equity price risk because the Group have securities held for trading and financial assets designated at fair value through profit or loss.

At 31st March, 2021, if there had been a 1 per cent. (2020 : 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 and total equity would have increased / decreased by HK$4,722,000 (2020 : HK$2,563,000).

28. *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, 2021				
Recurring fair value measurements				
Other financial assets				
Listed equity securities designated at fair value through profit or loss	**59,694**	**–**	**–**	**59,694**
Listed equity and non-equity securities held for trading at fair value	**326,353**	**–**	**–**	**326,353**
Unlisted equity and non-equity securities designated at fair value through profit or loss	**–**	**–**	**139,968**	**139,968**
	386,047	**–**	**139,968**	**526,015**
At 31st March, 2020				
Recurring fair value measurements				
Other financial assets				
Listed equity securities held for trading at fair value	141,046	–	–	141,046
Investment in securities held for trading at the fair value	–	75,689	–	75,689
Unlisted equity securities designated at fair value through profit or loss	–	–	75,314	75,314
	141,046	75,689	75,314	292,049

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

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

(i) Fair value hierarchy *(cont'd)*

Transfers between levels

During the year ended 31st March, 2021, there was one transfer between levels due to the listing of an unlisted equity instrument in a recognised stock exchange with fair value of HK$90,383,000 as at the date of listing being reclassified from Level 3 to Level 1.

During the year ended 31st March, 2020, there were no transfers among different levels of fair value hierarchy.

(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 :-

Unlisted equity securities:	**2021** ***HK$'000***	2020 *HK$'000*
At 1st April	**75,314**	224,710
Payment for purchases	**100,792**	2,113
Net realised and unrealised gains recognised in profit or loss	**54,245**	925,529
Transfers	**(90,383)**	–
Disposals	**–**	(1,077,038)
At 31st March	**139,968**	75,314

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

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

For other financial instruments carried at amortised cost as at 31st March, 2021 and 31st March, 2020, their carrying amounts and fair value and level of fair value hierarchy are disclosed below :-

	Carrying amount as at 31st March, 2021	**Fair value as at 31st March, 2021**	**Fair value measurements as at 31st March, 2021 categorised into Level 1**
	HK$'000	***HK$'000***	***HK$'000***
Listed and unlisted debt and non-equity securities measured at amortised cost	**1,196,308**	**1,242,455**	**1,242,455**

	Carrying amount as at 31st March, 2020	Fair value as at 31st March, 2020	Fair value measurements as at 31st March, 2020 categorised into Level 1
	HK$'000	*HK$'000*	*HK$'000*
Listed and unlisted debt and non-equity securities measured at amortised cost	1,142,976	1,075,215	1,075,215

29. ACCOUNTING ESTIMATES AND JUDGEMENTS

Note 27 contains information about the assumptions and their risk factors relating to financial risk management. Other estimates and judgements are discussed below :-

(a) 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.

(b) Assessment of impairment of 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), whichever is higher, depending upon the anticipated future plans for the assets. These calculations require the use of judgements and estimates.

30. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	NOTE	2021 HK$'000	2020 HK$'000
Non-current asset			
Subsidiary companies		**1,833,432**	1,833,432
Current asset			
Debtors, deposits and prepayments		**220**	217
Cash and bank balances		**16,120**	16,175
		16,340	16,392
Current liability			
Creditors and accruals		**121**	114
		121	114
Net current assets		**16,219**	16,278
Total assets less current liabilities		**1,849,651**	1,849,710
Non-current liability			
Amount due to a subsidiary company		**741,699**	741,899
Net assets		**1,107,952**	1,107,811
Capital and reserves	21		
Share capital		**118,261**	118,261
Reserves		**989,691**	989,550
Total equity attributable to equity shareholders of the Company		**1,107,952**	1,107,811

Approved and authorised for issue by the Board of Directors on 10th June, 2021.

Dickson Poon
Group Executive Chairman

Chan Hon Chung, Johnny Pollux
Executive Director

31. *GOVERNMENT SUBSIDIES*

During the year ended 31st March, 2021, the Group recognised subsidies of HK$30,023,000 under the Hong Kong SAR government's Employment Support Scheme and one-off subsidies of HK$640,000 under Retail Sector Subsidy Scheme in the consolidated statement of profit or loss. The subsidies were recognised to offset the staff costs under selling and distribution expenses and administrative expenses.

32. *EVENTS AFTER THE REPORTING PERIOD*

The Group announced on 26th May, 2021 that a subsidiary company of the Group entered into a legally binding offer letter with a third party in relation to the tenancy of a retail space for a period of six years for a total consideration of HK$216.26 million. The Group will recognise the value of the right-of-use asset of HK$205.28 million on its balance sheet.

33. *POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST MARCH, 2021*

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard HKFRS 17, *Insurance Contracts*, which are not yet effective for the year ended 31st March, 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group :-

	Effective for accounting periods beginning on or after
Amendments to HKFRS 16, *Covid-19 – Related Rent Concessions*	1st June, 2020
Amendments to HKFRS 3, *Reference to the Conceptual Framework*	1st January, 2022
Amendments to HKAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1st January, 2022
Amendments to HKAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*	1st January, 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1st January, 2022

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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, watches 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 watches	Hong Kong
Bondwood Investments Limited 寶活投資有限公司	HK$2	–	100	Sale of lighters, writing instruments, leather goods, watches 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 and operation of warehouses	Hong Kong
Dickson Concepts Asia-Pacific Limited	US$2	–	100	Sale of fashion products	British Virgin Islands / Taiwan
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

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 (Retail 3) Limited	US$1	–	100	Sale of watches	British Virgin Islands / Hong Kong
Dickson Concepts (Wholesale) Limited	HK$10,000	–	100	Sale of watches and fashion products	Hong Kong
Dickson Enterprises Limited 廸生創建(集團)有限公司	HK$2	–	100	Arrangement of property tenancy agreements	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 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
Dreams Concept Limited	HK$2	–	100	Securities investment	Hong Kong
Ever Success Consultancy (Shenzhen) Limited	HK$1,000,000	–	100 foreign-owned enterprise	Provision of management consultancy and professional services	People's Republic of China
Ever Success Management Limited 永盛管理有限公司	HK$2	–	100	Provision of management consultancy and professional services	Hong Kong
Harvey Nichols (Hong Kong) Limited	HK$10,000,000	–	100	Operation of Harvey Nichols, Beauty Avenue and Beauty Bazaar stores	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)* **:-**					
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	People's Republic of 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
Raglan Resources Limited	US$1	–	100	Investment holding	British Virgin Islands
Sunibo Limited	HK$2	–	100	Arrangement of property tenancy agreements	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)* **:-**					
The Dickson Trading (Taiwan) Co., Ltd.	NTD200,000,000	–	100	Sale of watches and fashion products	Taiwan
Top Able Management Limited	HK$1	–	100	Sale of watches	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	People's Republic of China

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

	2021	2020	2019	2018	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CONSOLIDATED STATEMENT OF PROFIT OR LOSS					
Revenue	**2,275,492**	2,937,710	4,009,422	3,635,599	3,144,822
Profit before taxation	**533,410**	695,704	432,544	162,265	86,286
Taxation	**(71,590)**	(49,881)	(21,203)	(10,456)	(6,125)
Profit for the year attributable to equity shareholders of the Company	**461,820**	645,823	411,341	151,809	80,161
CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
Property, plant and equipment	**44,519**	47,813	65,212	110,781	140,787
Right-of-use assets	**148,819**	113,646	794,812	–	–
Associated companies	**–**	–	24,188	25,895	23,354
Deferred tax assets	**–**	1,995	2,958	3,171	2,460
Other financial assets	**1,318,249**	1,195,424	489,621	215,869	176,824
Net current assets	**2,299,458**	2,373,174	1,755,477	1,924,453	1,776,205
Total assets less current liabilities	**3,811,045**	3,732,052	3,132,268	2,280,169	2,119,630
Lease liabilities	**548,071**	738,498	591,987	–	–
Deferred tax liabilities	**21,983**	20,353	21,607	24,417	24,482
Amount due to associated companies	**–**	–	23,612	25,272	22,801
Net assets	**3,240,991**	2,973,201	2,495,062	2,230,480	2,072,347
Share capital	**118,261**	118,261	119,999	117,975	114,135
Reserves	**3,122,730**	2,854,940	2,375,063	2,112,505	1,958,212
Total equity attributable to equity shareholders of the Company	**3,240,991**	2,973,201	2,495,062	2,230,480	2,072,347
OTHER FINANCIAL DATA					
Earnings per share (HK cents)	**117.2**	162.9	103.0	39.2	21.1
Dividend per share (HK cents)	**35.0**	55.0	35.0	23.0	17.0

EXPLANATION ON PREPARATION

The Group presents this Environmental, Social and Governance ("ESG") report for the year ended 31st March, 2021 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 and China, with free standing shops accounting for less than 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	**2021**	2020
Scope 1 – Direct emissions and removals (tCO2e) (Note 3)	**71**	85
Scope 2 – Energy indirect emissions (tCO2e) (Note 4)	**2,537**	3,078
Scope 3 – Other indirect emissions (tCO2e) (Note 5)	**144**	331
Total GHG emissions (direct and indirect) and removals (tCO2e)	**2,752**	3,494
Total GHG emissions intensity (tCO2e/HK$ million of revenue) (Note 7)	**1.664**	1.458

2. Non-hazardous waste

Indicators	**2021**	2020
Total non-hazardous waste produced (tonnes) (Note 6)	**36**	68
Total non-hazardous waste produced intensity (tonnes/HK$ million of revenue) (Note 7)	**0.022**	0.028

3. Energy consumption

Indicators	**2021**	2020
Direct energy consumption		
– Fuel consumption (litres)	**26,398**	31,252
– Fuel consumption intensity (litres/HK$ million of revenue)	**15.960**	13.043
Indirect energy consumption		
– Electricity consumption (MWh)	**3,977**	4,829
– Electricity consumption intensity (MWh/HK$ million of revenue) (Note 7)	**2.404**	2.015

4. Water consumption

Indicators	**2021**	2020
Total water consumption (m3) (Note 8)	**1,256**	2,037
Total water consumption intensity (m3/HK$ million of revenue) (Note 7)	**0.759**	0.850

5. Packaging materials

Indicators	**2021**	2020
Total packaging material used (including plastic and paper) (tonnes)	**6**	12
Intensity of packaging material used (tonnes/HK$ million of revenue) (Note 7)	**0.004**	0.005

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 travel by staff 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, 2021 and 31st March, 2020 was HK$1,654 million and HK$2,396 million respectively.
   Decrease in revenue was a result of the continued outbreak of COVID-19. Although each of the environmental performance indicators showed improvement, some corresponding intensities were worse than those of previous year due to decrease in revenue.
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.

As at 31st March, 2021, the total number of Hong Kong staff was 529, of which 501 were permanent staff and 28 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	39%	61%	100%
Management team	45%	55%	100%

(b) By age group

Below 31	13%
31-40	23%
41-50	28%
51-60	25%
Above 60	11%
Total	100%

EMPLOYMENT AND LABOUR PRACTICES (cont'd)

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.

In view of the continuous widespread of COVID-19 across the globe, we are taking the necessary steps to prepare and safeguard our staff, maintain our seamless service to customers, and minimise disruption to our business. We have also implemented the following preventive measures recommended by relevant governmental bodies :-

- providing antibacterial hand sanitisers and surgical masks to staff;
- allowing for flexible working hours to avoid commuting crowds;
- temperature checking for staff and visitors before entering into office; and
- encourage telephone conferences instead of face to face meetings, etc..

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 17 days (4 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.

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.

OPERATING PRACTICES *(cont'd)*

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, 11 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$568,000 to various charitable organisations.

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