1 General information

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

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

The Company has its listing on the Stock Exchange of Hong Kong Limited ("the Stock Exchange").

As at 31 March 2010, 50.1% of the total issued shares of the Company is owned by Sunrise Height Incorporated, a company incorporated in the British Virgin Islands. The directors regard Sunrise Height Incorporated, which was owned 50.0% each by Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor, as being the ultimate holding company of the Company.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Director on 24 June 2010.

2 Summary of significant accounting policies

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

(a) Basis of preparation

The consolidated financial statements of Sa Sa International Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings and an investment property, which are carried at fair value.

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

Changes in accounting policy and disclosures

(i) The Group has adopted the following new and amended HKFRS as of 1 April 2009:
HKAS 1 (revised), 'Presentation of financial statements' (effective 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) The Group has adopted the following new and amended HKFRS as of 1 April 2009: (continued)

HKFRS 2 (amendment), 'Share-based payment' (effective 1 January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and Company has adopted HKFRS 2 (amendment) from 1 April 2009. The amendment does not have a material impact on the Group's or Company's financial statements.

HKFRS 8, 'Operating segments' (effective 1 January 2009). HKFRS 8 replaces HKAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented, as the previously reported retail and wholesale has been split into geographic perspective including Hong Kong & Macau, Mainland China and All other segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Executive directors of the Group are identified as the chief operating decision-maker that make strategic and operating decisions.

(ii) The following new and amended HKFRS are effective for accounting periods beginning on or after 1 April 2009 but is not relevant to the Group's operations:

HKFRS 7, 'Financial instruments – disclosures' (amendment) (effective 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 April 2009, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group previously recognised all borrowing costs as an expense immediately. This change in accounting policy was due to the adoption of HKAS 23, 'Borrowing costs' (2007) in accordance with the transition provisions of the standard; comparative figures have not been restated. The change in accounting policy had no material impact on the Group's or Company's financial statements.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2010 or later periods, but the Group has not early adopted them:

HK(IFRIC) Int 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009).

HKAS 27 (revised), 'Consolidated and separate financial statements' (effective from 1 July 2009).

HKFRS 3 (revised), 'Business combinations' (effective from 1 July 2009).

HKAS 38 (amendment), 'Intangible assets' (effective from 1 July 2009).

HKFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held for sale' (effective from 1 July 2010).

HKAS 1 (amendment), 'Presentation of financial statements' (effective from 1 January 2010).

HKFRS 2 (amendments), 'Group cash-settled share-based payment transactions' (effective from 1 January 2010).

HKFRS 9 (amendments), 'Financial instruments' (effective from 1 January 2013).

HK (IFRIC) Int 19, 'Extinguishing financial liabilities with equity instruments' (effective from 1 July 2010).

(b) Consolidation

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

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

2 Summary of significant accounting policies (continued)

(b) Consolidation (continued)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

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

(c) Revenue recognition

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time of cash receipt for retail sale or the time of delivery for wholesale sale. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount.

Rental income and slide display rental income is recognised on a time proportion basis.

(d) Property, plant and equipment

Buildings comprise mainly offices. Buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amounts arising on revaluation of buildings are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from fair value reserve to retained earnings.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over the unexpired periods of the leases or their estimated useful lives, whichever is shorter. The principal annual rates used for this purpose are:

Buildings	20 years
Leasehold improvements	15% to 33.3%
Equipment, furniture and fixtures	15% to 33.3%
Motor vehicles and vessel	20% to 25%

2 Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised in the income statement. When revalued assets are sold, the amounts included in fair value reserve are transferred to retained earnings.

(e) Operating leases

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

(f) Investment property

Investment property, principally comprising leasehold land and office buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by companies in the consolidated group, is classified as investment property.

Land held under operating leases are classified and accounted for as an investment property when the rest of the definition of an investment property is met. The operating lease is accounted for as if it was a finance lease.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition at cost, investment property is carried at fair value, valued annually by external independent valuers and carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Changes in fair values are recognised in the income statement as part of the other net gains.

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

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

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

(h) Financial assets

(i) Classification

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' (Note 21), 'bank deposits over three months to maturity' (Note 22) and 'cash and cash equivalents' (Note 22) in the statement of financial position.

(ii) Recognition and measurement

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

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note j.

(i) Inventories

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

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

2 Summary of significant accounting policies (continued)

(j) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling and distribution costs. When a trade receivable is uncollectible, it is written off against the provision for impairment losses on trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and distribution costs in the income statement.

(k) Cash and cash equivalents

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

(l) Share capital

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

(m) Trade payables

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

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

(n) Current and deferred income tax

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

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

(n) Current and deferred income tax (continued)

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

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

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

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

(o) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

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

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

- all resulting exchange differences are recognised as a separate component of equity.

2 Summary of significant accounting policies (continued)

(o) Foreign currency translation (continued)

(iii) Group companies (continued)

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

(p) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefit obligations

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

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

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

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

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

2 Summary of significant accounting policies (continued)

(p) Employee benefits (continued)

(iii) Long service payments

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

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

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

(iv) Share-based payment

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

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

(v) Bonus plan

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

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

(q) Segment reporting

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

2 Summary of significant accounting policies (continued)

(r) Contingent liabilities and contingent assets

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

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

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

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

(s) Dividend distribution

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

3 Financial risk management

3.1 Financial risk factors

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

(a) Foreign exchange risk

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

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

Under the Hong Kong Monetary Authority's monetary policy, the convertibility zone for Hong Kong dollar against U.S. dollar is set between 7.75 and 7.85. At 31 March 2010, if Hong Kong dollar had weakened/strengthened to 7.85/7.75 against U.S. dollar with all other variables held constant, profit for the year would have been higher by HK$1,671,000 (2009: HK$4,841,000) and lower by HK$272,000 (2009: HK$94,000), mainly as a result of foreign exchange gains/losses on translation of U.S. dollar-denominated cash and bank balances and U.S. dollar-denominated financial liabilities. The Group considers the risk of movements in exchange rates between Hong Kong dollar and U.S. dollar to be insignificant due to Hong Kong dollar and U.S. dollar are pegged. There is no impact on equity.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, other receivables, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. As at 31 March 2010, all bank balances and bank deposits are held at reputable financial institutions. In respect of wholesale customers, individual risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. No material credit limits were exceeded during the reporting period, and management does not expect any material losses from non-performance by these counterparties.

Trade receivables are due within 60 days from the date of billings. As at 31 March 2010, 97.1% of the total trade receivables was due within 90 days (2009: 97.3%). The maximum exposure to credit risk is represented by the carrying amount of trade receivables in the consolidated statement of financial position. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 21.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and making available an adequate amount of committed credit facilities with staggered maturities to reduce refinancing risk in any year and to fund working capital, debt servicing, dividend payments, new investments and close out market positions if required. The Group has steady cash inflow from operations and has adequate financial resources to fund its operations and future expansion. As at 31 March 2010, the Group's financial liabilities were mainly trade and bills payables and other payables amounting to HK$240,035,000 (2009: HK$192,857,000), which were due within 12 months.

(d) Interest rate risk

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

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

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

3.2 Capital risk management

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

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

4 Critical accounting estimates and judgements

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

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

(a) Income taxes

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

At 31 March 2010, the Group did not recognise deferred income tax assets of HK$35,672,000 in respect of losses amounting to HK$153,575,000 that can be carried forward against future taxable income. Estimating the amount of deferred income tax asset arising from tax losses requires a process that involves determining appropriate provisions for income tax expense, forecasting future year's taxable income and assessing our ability to utilise tax benefits through future earnings. In cases where the actual future profits generated are different from original estimates than expected, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such circumstances are changed.

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

The Company conducts impairment reviews of investments in subsidiaries and non-financial assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the value in use, which requires the Group to estimate the future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. In 2010, after reviewing the business environment as well as the Group's objectives and past performance of the investments, management has concluded that there was no impairment loss for the above assets at 31 March 2010.

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

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

(d) Fair value estimation of share options

The Group estimates the fair value of share options using a binomial lattice methodology which involves the use of estimates. Details of significant inputs to the valuation model are disclosed in Note 25.

5 Revenues, turnover and segment information

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

	Group	
	2010	2009
	HK$'000	HK$'000
Turnover		
Retail and wholesale	**4,111,345**	3,608,990
Other income		
Slide display rental income	**25,583**	21,984
Rental income	**814**	841
Sundry income	**–**	3,326
	26,397	26,151
	4,137,742	3,635,141

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

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

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

5 Revenues, turnover and segment information (continued)

	For the year ended 31 March 2010			
	Hong Kong & Macau HK$'000	Mainland China HK$'000	All other segments HK$'000	Total HK$'000
Turnover	**3,288,142**	**97,035**	**726,168**	**4,111,345**
Results				
Segment results	**346,753**	**(18,580)**	**52,922**	**381,095**
Other information				
Capital expenditure	**43,410**	**11,155**	**19,547**	**74,112**
Finance income	**4,668**	**73**	**1,671**	**6,412**
Income tax expenses	**72,219**	**–**	**11,630**	**83,849**
Depreciation	**41,327**	**7,497**	**13,553**	**62,377**
Amortisation	**797**	**–**	**–**	**797**

	For the year ended 31 March 2009			
	Hong Kong & Macau HK$'000	Mainland China HK$'000	All other segments HK$'000	Total HK$'000
Turnover	2,981,159	60,164	567,667	3,608,990
Results				
Segment results	318,312	(27,252)	24,891	315,951
Other information				
Capital expenditure	51,577	13,488	10,004	75,069
Finance income	11,038	70	2,088	13,196
Income tax expenses	59,144	–	8,216	67,360
Depreciation	44,962	6,241	13,265	64,468
Amortisation	796	–	–	796

5 Revenues, turnover and segment information (continued)

	Hong Kong & Macau HK$'000	Mainland China HK$'000	All other segments HK$'000	Total HK$'000
At 31 March 2010				
Non-current assets	**209,830**	**16,471**	**37,884**	**264,185**
Current assets	**1,020,742**	**56,305**	**236,827**	**1,313,874**
Deferred income tax assets				**3,468**
Unallocated corporate asset				**750**
				1,582,277
At 31 March 2009				
Non-current assets	174,907	12,516	28,450	215,873
Current assets	995,034	26,083	174,785	1,195,902
Deferred income tax assets				2,657
Unallocated corporate asset				750
				1,415,182

6 Other (losses)/gains – net – Group

	2010 HK$'000	2009 HK$'000
Fair value gain/(loss) on investment property (Note 16)	**1,700**	(1,500)
Net exchange (losses)/gains	**(3,402)**	3,493
	(1,702)	1,993

7 Expenses by nature – Group

	2010 HK$'000	2009 HK$'000
Cost of inventories sold	**2,289,556**	2,007,127
Provision for slow moving inventories and stock shrinkage	**6,925**	24,997
Employee benefit expenses (including directors' emoluments) (Note 8)	**554,750**	492,867
Depreciation of property, plant and equipment (Note 14)	**62,377**	64,468
Amortisation of leasehold land (Note 15)	**797**	796
Write-off of property, plant and equipment (Note 14)	**1,473**	2,858
Provision for impairment losses on trade receivables	**293**	19
Operating lease rentals in respect of land and buildings		
– minimum lease payments	**380,550**	336,975
– contingent rent	**16,571**	13,389
Auditors' remuneration	**2,904**	2,936
Advertising and promotion expenses	**82,550**	69,409
Others	**278,762**	251,178
	3,677,508	3,267,019
Representing:		
Cost of sales	**2,296,481**	2,032,124
Selling and distribution costs	**1,214,725**	1,064,314
Administrative expenses	**166,302**	170,581
	3,677,508	3,267,019

8 Employee benefit expenses (including directors' emoluments) – Group

	2010 HK$'000	2009 HK$'000
Directors' fees	**1,356**	1,343
Wages, salaries, housing allowances, other allowances and benefits in kind	**525,792**	464,076
Provision for unutilised annual leave	**1,335**	3,096
Retirement benefit costs (Note 24(b))	**22,075**	22,409
Share-based payment	**4,192**	1,943
	554,750	492,867

9 Directors' and senior management's emoluments – Group

(a) Directors' emoluments

Directors' emoluments comprised payments to the Company's directors (including the five highest paid individuals in the Group) in connection with the management of the affairs of the Group. The non-executive directors receive an annual director's fee of HK$257,400 (2009: HK$257,400) each; and for those acting as chairmen of Audit Committee, Compensation Committee and Nomination Committee (the "Committees"), an additional fee of HK$8,000 (2009: HK$8,000) is paid for their presiding at each of the Committees meeting.

The remuneration of each director of the Company during the year ended 31 March 2010 was set out below:

	Directors' fees HK$'000	Basic salaries, housing allowances, other allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement benefit costs HK$'000	Share-based payment (i) HK$'000	Total HK$'000
Executive Directors						
Dr KWOK Siu Ming Simon *JP*	–	2,858	238	200	–	3,296
Dr KWOK LAW Kwai Chun Eleanor *BBS*	–	2,594	216	182	–	2,992
Mr LOOK Guy	–	3,180	–	222	4,192	7,594
Non-executive Directors						
Mrs LEE LOOK Ngan Kwan Christina	257	–	–	–	–	257
Mr TAN Wee Seng (iii)	15	–	–	–	–	15
Independent Non-executive Directors						
Professor CHAN Yuk Shee *PhD, BBS, JP*	297	–	–	–	–	297
Dr LEUNG Kwok Fai Thomas *PhD, BBS, JP*	265	–	–	–	–	265
Ms TAM Wai Chu Maria *GBS, JP*	265	–	–	–	–	265
Ms KI Man Fung Leonie *SBS, JP*	257	–	–	–	–	257
	1,356	8,632	454	604	4,192	15,238

9 Directors' and senior management's emoluments – Group (continued)

(a) Directors' emoluments (continued)

The remuneration of each director of the Company during the year ended 31 March 2009 was set out below:

	Directors' fees HK$'000	Basic salaries, housing allowances, other allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement benefit costs HK$'000	Share-based payment (i) HK$'000	Total HK$'000
Executive Directors						
Dr KWOK Siu Ming Simon *JP*	–	2,858	714	200	–	3,772
Dr KWOK LAW Kwai Chun Eleanor *BBS*	–	2,594	648	182	–	3,424
Mr LOOK Guy	–	3,180	530	222	1,943	5,875
Non-executive Director						
Mrs LEE LOOK Ngan Kwan Christina	258	–	–	–	–	258
Independent Non-executive Directors						
Professor CHAN Yuk Shee *PhD, BBS, JP*	297	–	–	–	–	297
Dr LEUNG Kwok Fai Thomas *PhD, BBS, JP*	265	–	–	–	–	265
Ms TAM Wai Chu Maria *GBS, JP*	265	–	–	–	–	265
Ms KI Man Fung Leonie *SBS, JP*	258	–	–	–	–	258
	1,343	8,632	1,892	604	1,943	14,414

Notes:

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

(ii) During the year ended 31 March 2010, no share options were granted to the executive director under the 2002 Share Option Scheme (2009: 13,500,000 share options).

(iii) Appointed on 11 March 2010.

No compensation for loss of office has been paid to the directors for the years ended 31 March 2010 and 2009.

No director of the Company waived any emoluments during the years ended 31 March 2010 and 2009.

9 Directors' and senior management's emoluments – Group (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2009: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2009: two) individuals during the year were as follows:

	2010 HK$'000	2009 HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	**2,770**	2,664
Discretionary bonuses	**750**	1,286
Retirement benefit costs	**345**	186
	3,865	4,136

The emoluments of the individuals fell within the following bands:

Emoluments bands	**Number of individuals**	
	2010	2009
HK$1,500,001 – HK$2,000,000	**1**	1
HK$2,000,001 – HK$2,500,000	**1**	1
	2	2

10 Income tax expenses – Group

Hong Kong profits tax has been provided for at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2010 HK$'000	2009 HK$'000
Hong Kong profits tax		
Current	**72,625**	58,720
Under/(over) provision in previous years	**158**	(154)
Overseas taxation		
Current	**10,781**	8,861
Over provision in previous years	**(400)**	(77)
Deferred income tax relating to origination and reversal of temporary differences (Note 19)	**685**	(23)
Change in tax rate	**–**	33
	83,849	67,360

10 Income tax expenses – Group (continued)

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

	2010 HK$'000	2009 HK$'000
Profit before income tax	**464,944**	383,311
Tax calculated at a taxation rate of 16.5% (2009: 16.5%)	**76,716**	63,246
Effect of different taxation rates in other countries	**(245)**	73
Income not subject to income tax	**(870)**	(3,644)
Expenses not deductible for income tax purposes	**3,859**	1,901
Net unrecognised tax losses	**4,631**	5,982
Over provision in previous years	**(242)**	(231)
Change in tax rate	**–**	33
Income tax expenses	**83,849**	67,360

The weighted average applicable tax rate was 18.0% (2009: 17.6%).

11 Profit for the year

Profit for the year is dealt with in the financial statements of the Company to the extent of HK$326,296,000 (2009: HK$304,787,000).

12 Earnings per share

(a) The calculation of basic and diluted earnings per share is based on the Group's profit for the year of HK$381,095,000 (2009: HK$315,951,000).

(b) The calculation of basic earnings per share is based on the weighted average of 1,384,129,560 (2009: 1,380,511,396) shares in issue during the year.

(c) Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. The calculation of diluted earnings per share is based on the weighted average number of 1,384,129,560 (2009: 1,380,511,396) shares in issue during the year plus the weighted average number of 9,079,840 (2009: 1,690,332) shares deemed to be issued. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

13 Dividends – Company

	2010 HK$'000	2009 HK$'000
Interim, paid – 3.0 HK cents (2009: 3.0 HK cents) per share	**41,601**	41,438
Special, paid – 6.0 HK cents (2009: 3.0 HK cents) per share	**83,202**	41,438
Final, proposed – 5.0 HK cents (2009: 5.0 HK cents) per share	**69,690**	69,063
Special, proposed – 14.0 HK cents (2009: 12.0 HK cents) per share	**195,132**	165,752
	389,625	317,691

13 Dividends – Company (continued)

At a meeting held on 24 June 2010, the directors proposed a final dividend of 5.0 HK cents and a special dividend of 14.0 HK cents per share. These proposed dividends have not been reflected as dividend payables in these consolidated financial statements, but will be reflected as an appropriation of distributable reserve for the year ending 31 March 2011.

14 Property, plant and equipment – Group

	Buildings HK$'000	Leasehold improvements HK$'000	Equipment, furniture and fixtures HK$'000	Motor vehicles and vessel HK$'000	Total HK$'000
Year ended 31 March 2010					
Opening net book amount	20,067	63,729	27,468	3,510	114,774
Exchange differences	–	711	794	8	1,513
Revaluation	7,315	–	–	–	7,315
Additions	–	52,664	21,269	179	74,112
Disposals	–	–	(8)	–	(8)
Write-off	–	(953)	(520)	–	(1,473)
Depreciation	(2,569)	(43,348)	(15,220)	(1,240)	(62,377)
Closing net book amount	**24,813**	**72,803**	**33,783**	**2,457**	**133,856**
At 31 March 2010					
Cost or valuation	**24,813**	**276,190**	**120,416**	**13,688**	**435,107**
Accumulated depreciation	**–**	**(203,387)**	**(86,633)**	**(11,231)**	**(301,251)**
Net book amount	**24,813**	**72,803**	**33,783**	**2,457**	**133,856**
At 1 April 2008					
Cost or valuation	25,203	210,770	93,932	11,061	340,966
Accumulated depreciation	(2,568)	(155,067)	(63,943)	(9,912)	(231,490)
Net book amount	22,635	55,703	29,989	1,149	109,476
Year ended 31 March 2009					
Opening net book amount	22,635	55,703	29,989	1,149	109,476
Exchange differences	–	(1,374)	(700)	(34)	(2,108)
Additions	–	54,735	16,524	3,810	75,069
Disposals	–	–	(2)	(335)	(337)
Write-off	–	(1,581)	(1,277)	–	(2,858)
Depreciation	(2,568)	(43,754)	(17,066)	(1,080)	(64,468)
Closing net book amount	20,067	63,729	27,468	3,510	114,774
At 31 March 2009					
Cost or valuation	25,203	236,330	100,197	13,413	375,143
Accumulated depreciation	(5,136)	(172,601)	(72,729)	(9,903)	(260,369)
Net book amount	20,067	63,729	27,468	3,510	114,774

14 Property, plant and equipment – Group (continued)

Analysis of the cost or valuation of the above assets is as follows:

	Buildings HK$'000	Leasehold improvements HK$'000	Equipment, furniture and fixtures HK$'000	Motor vehicles and vessel HK$'000	Total HK$'000
At 31 March 2010					
At cost	**–**	**276,190**	**120,416**	**13,688**	**410,294**
At valuation	**24,813**	**–**	**–**	**–**	**24,813**
	24,813	**276,190**	**120,416**	**13,688**	**435,107**
At 31 March 2009					
At cost	–	236,330	100,197	13,413	349,940
At valuation	25,203	–	–	–	25,203
	25,203	236,330	100,197	13,413	375,143

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

(b) The buildings were revalued on the basis of their market values at 31 March 2010 by DTZ Debenham Tie Leung Limited, an independent firm of professional surveyors. The surplus arising on revaluation of buildings amounting to HK$7,315,000 is credited to the building revaluation reserve.

(c) The carrying amounts of buildings would have been HK$12,021,000 (2009: HK$13,797,000) had they been stated at cost less accumulated depreciation.

15 Leasehold land – Group

The Group's interests in leasehold land represent prepaid operating lease payments and their net book value are analysed as follows:

	2010 HK$'000	2009 HK$'000
At beginning of the year	**27,964**	28,760
Amortisation of prepaid operating lease payment	**(797)**	(796)
At end of the year	**27,167**	27,964

The leasehold land are situated in Hong Kong and held under medium term leases between 10 to 50 years.

16 Investment property – Group

	2010 HK$'000	2009 HK$'000
At beginning of the year	**10,000**	11,500
Fair value gain/(loss) (Note 6)	**1,700**	(1,500)
At end of the year	**11,700**	10,000

(a) The investment property is situated in Hong Kong and held under medium term lease between 10 to 50 years.

(b) The investment property was revalued on the basis of its market value at 31 March 2010 by DTZ Debenham Tie Leung Limited, an independent firm of professional surveyors. The surplus arising on revaluation of investment property amounting to HK$1,700,000 (2009: deficit of HK$1,500,000) is credited to the income statement.

(c) During the year, the Group has gross rental income of HK$505,000 (2009: HK$504,000) from investment property. The amount was included in other income in the income statement.

17 Investments in and amounts due from subsidiaries – Company

	2010 HK$'000	2009 HK$'000
Unlisted shares, at cost	**1**	1
Amounts due from subsidiaries (Note (b))	**1,067,989**	997,896
Provision for impairment of amounts due from subsidiaries	**(450,932)**	(450,932)
	617,058	546,965

(a) Details of the Company's principal subsidiaries are set out in Note 30 to the consolidated financial statements.

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

18 Rental deposits and other assets

	Group		Company	
	2010 HK$'000	2009 HK$'000	2010 HK$'000	2009 HK$'000
Rental deposits	**91,462**	63,135	**–**	–
Others	**750**	750	**750**	750
	92,212	63,885	**750**	750

Rental deposits are carried at amortised cost using the effective interest rate of 0.7%-3.8% per annum. At 31 March 2010, the carrying amounts of rental deposits approximate their fair values.

19 Deferred income tax – Group

Deferred income tax is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2009: 16.5%).

The movement in the net deferred income tax (liabilities)/assets account is as follows:

	2010 HK$'000	2009 HK$'000
At beginning of the year	**1,401**	1,600
Deferred income tax (charged)/credited to the income statement (Note 10)	**(685)**	23
Tax charged directly to building revaluation reserve in equity	**(1,119)**	87
Decrease in opening net deferred tax assets resulting from change in tax rate	**–**	(33)
Exchange differences	**211**	(276)
At end of the year	**(192)**	1,401

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$35,672,000 (2009: HK$33,046,000) in respect of losses amounting to HK$153,575,000 (2009: HK$139,400,000) that can be carried forward against future taxable income. Losses amounting to HK$132,594,000 (2009: HK$116,985,000) will expire within 5 and 10 years from 31 March 2010. The remaining tax losses have no expiry date.

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

	2010 HK$'000	2009 HK$'000
Deferred income tax assets	**3,468**	2,657
Deferred income tax liabilities	**(3,660)**	(1,256)
	(192)	1,401

19 Deferred income tax – Group (continued)

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

Deferred income tax assets	Decelerated tax depreciation		Investment property valuation		Provisions		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At beginning of year	**416**	310	**237**	274	**2,651**	2,816	**3,304**	3,400
Credited/(charged) to the income statement	**102**	133	**(11)**	(37)	**373**	117	**464**	213
Decrease in opening deferred tax assets resulting from decrease in tax rate	**–**	(5)	**–**	–	**–**	(28)	**–**	(33)
Exchange differences	**21**	(22)	**–**	–	**186**	(254)	**207**	(276)
At end of year	**539**	416	**226**	237	**3,210**	2,651	**3,975**	3,304

Deferred income tax liabilities	Accelerated tax depreciation		Fair value gain		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At beginning of year	**1,326**	1,136	**577**	664	**1,903**	1,800
Charged to the income statement	**1,149**	190	**–**	–	**1,149**	190
Charged/(credited) directly to equity	**–**	–	**1,119**	(87)	**1,119**	(87)
Exchange differences	**(4)**	–	**–**	–	**(4)**	–
At end of year	**2,471**	1,326	**1,696**	577	**4,167**	1,903

20 Inventories – Group

	2010	2009
	HK$'000	HK$'000
Merchandise stock for resale	**563,159**	468,670

The cost of inventories recognised as expense and included in cost of sales amounted to HK$2,289,556,000 (2009: HK$2,007,127,000).

During the year, the Group has made a provision of HK$6,925,000 for slow moving inventories and stock shrinkage (2009: HK$24,997,000). The amount was included in cost of sales in the consolidated income statement.

21 Trade and other receivables, deposits and prepayments – Group

	2010 HK$'000	2009 HK$'000
Trade receivables	**38,969**	25,367
Less: provision for impairment losses on trade receivables	**(380)**	(87)
Trade receivables – net	**38,589**	25,280
Other receivables, deposits and prepayments	**65,818**	81,456

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

The Group's turnover comprises mainly cash sales and credit card sales. Certain wholesale customers are granted credit terms ranging from 7 to 60 days. The ageing analysis of trade receivables is as follows:

	2010 HK$'000	2009 HK$'000
Within 1 month	**29,544**	21,513
1 to 3 months	**7,933**	3,085
Over 3 months	**1,112**	682
	38,589	25,280

As at 31 March 2010, trade receivables of HK$3,052,000 (2009: HK$1,850,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2010 HK$'000	2009 HK$'000
1 to 3 months	**2,997**	1,339
Over 3 months	**55**	511
	3,052	1,850

Trade receivables are denominated in the following currencies:

	2010 HK$'000	2009 HK$'000
Hong Kong dollars	**20,093**	15,910
Renminbi	**9,681**	4,666
Taiwan dollars	**4,667**	2,646
Others	**4,148**	2,058
	38,589	25,280

21 Trade and other receivables, deposits and prepayments – Group (continued)

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

	2010 HK$'000	2009 HK$'000
At 1 April	**87**	68
Provision for receivable impairment	**293**	25
Unused amounts reversed	**–**	(6)
At 31 March	**380**	87

During the year, the Group has made a provision for impairment losses on trade receivables of HK$293,000 (2009: HK$19,000). The provision has been included in selling and distribution costs.

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

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

22 Cash and bank balances

	Group		Company	
	2010 HK$'000	2009 HK$'000	2010 HK$'000	2009 HK$'000
Bank deposits over three months	**253,728**	35,863	**193,687**	–
Cash at bank and in hand	**133,530**	107,115	**7,552**	5,933
Short-term bank deposits	**259,050**	477,518	**88,069**	355,622
Cash and cash equivalents	**392,580**	584,633	**95,621**	361,555
Total	**646,308**	620,496	**289,308**	361,555

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2010 HK$'000	2009 HK$'000	2010 HK$'000	2009 HK$'000
Hong Kong dollars	**289,188**	82,681	**184,677**	5,733
U.S. dollars	**160,046**	400,722	**104,631**	355,822
Euro	**48,228**	24,214	**–**	–
Renminbi	**15,298**	5,530	**–**	–
Singapore dollars	**16,134**	14,688	**–**	–
Malaysian Ringit	**65,606**	52,482	**–**	–
Taiwan dollars	**14,023**	12,935	**–**	–
Others	**37,785**	27,244	**–**	–
	646,308	620,496	**289,308**	361,555

The effective interest rate on bank deposits over three months was 1.3% (2009: 3.0%). These deposits have an average maturity of 6 months (2009: 1 year).

22 Cash and bank balances (continued)

The effective interest rate on short-term bank deposits was 0.5% (2009: 1.2%). These deposits have an average maturity of 1 month (2009: 2 months).

23 Trade and bills payables – Group

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

	2010 HK$'000	2009 HK$'000
Within 1 month	**105,164**	84,507
1 to 3 months	**61,814**	49,277
Over 3 months	**8,934**	10,691
	175,912	144,475

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

Trade and bills payables are denominated in the following currencies:

	2010 HK$'000	2009 HK$'000
Hong Kong dollars	**104,268**	76,195
U.S. dollars	**9,189**	18,192
Euro	**13,119**	14,674
Renminbi	**19,928**	7,838
Singapore dollars	**5,030**	5,672
Malaysian Ringit	**8,089**	7,906
Taiwan dollars	**12,707**	9,045
Swiss Franc	**3,079**	1,726
Others	**503**	3,227
	175,912	144,475

24 Retirement benefit obligations – Group

(a) Retirement benefit obligations

	2010 HK$'000	2009 HK$'000
Retirement benefit obligations on		
– Defined benefit plan (Note (b)(ii))	**29**	173
– Long service payments (Note (b)(iii))	**4,082**	4,020
	4,111	4,193

24 Retirement benefit obligations – Group (continued)

(b) Retirement benefit costs

	2010 HK$'000	2009 HK$'000
Retirement benefit costs (Note 8)		
– Defined contribution plans (Note (i))	**22,044**	22,338
– Defined benefit plan (Note (ii))	**(44)**	(130)
	22,000	22,208
– Long service payments (Note (iii))	**75**	201
	22,075	22,409
Gross employer's contributions	**22,875**	22,510
Less: Forfeited contributions utilised to reduce employer's contributions for the year	**(875)**	(302)
Net employer's contributions charged to the consolidated income statement	**22,000**	22,208
Long service payments (Note (iii))	**75**	201
	22,075	22,409

Notes:

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

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

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

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

The latest actuarial valuation was prepared as at 31 March 2010 by HSBC Life (International) Limited, a qualified actuary, using the projected unit credit method.

24 Retirement benefit obligations – Group (continued)

(b) Retirement benefit costs (continued)

Notes: (continued)

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

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

	2010 HK$'000	2009 HK$'000
Present value of funded obligations	**2,718**	2,061
Fair value of plan assets	**(2,556)**	(2,246)
	162	(185)
Unrecognised actuarial gains	**(133)**	358
Liability in the statement of financial position (Note (a))	**29**	173

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

	2010 HK$'000	2009 HK$'000
Current service cost	**36**	36
Interest cost	**22**	38
Expected return on plan assets	**(73)**	(64)
Net actuarial gains recognised in the year	**(29)**	(140)
Total included in employee benefit expenses	**(44)**	(130)

Movement in the defined benefit retirement plan obligations recognised in the consolidated statement of financial position is as follows:

	2010 HK$'000	2009 HK$'000
At beginning of year	**173**	451
Total expense	**(44)**	(130)
Contributions paid	**(111)**	(107)
Exchange differences	**11**	(41)
At end of year	**29**	173

The principal actuarial assumptions used are as follows:

	2010 %	2009 %
Discount rate	**1.20**	1.00
Expected rate of return on plan assets	**3.00**	3.00
Expected rate of future salary increases	**0-3.00**	0-3.00

24 Retirement benefit obligations – Group (continued)

(b) Retirement benefit costs (continued)

Notes: (continued)

(iii) (continued)

The Group's provision for long service payments are determined based on the actuarial valuation as at 31 March 2010 prepared by HSBC Life (International) Limited, a qualified actuary, using the projected unit credit method.

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

	2010 HK$'000	2009 HK$'000
Present value of unfunded obligations	**1,543**	2,042
Unrecognised actuarial gains	**2,539**	1,978
Liability in statement of financial position (Note (a))	**4,082**	4,020

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

	2010 HK$'000	2009 HK$'000
Current service cost	**259**	409
Interest cost	**38**	43
Net actuarial gains recognised in the year	**(222)**	(251)
Total included in employee benefit expenses	**75**	201

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

	2010 HK$'000	2009 HK$'000
At beginning of year	**4,020**	4,178
Total expense	**75**	201
Contributions paid	**(13)**	(359)
At end of year	**4,082**	4,020

The principal actuarial assumptions used are as follows:

	2010 %	2009 %
Discount rate	**2.60**	1.85
Expected rate of future salary increases	**3.00-3.50**	0.50-2.00

25 Share capital

Authorised shares of HK$0.1 each	Note	No. of shares	HK$'000
At 31 March 2009 and 2010		8,000,000,000	800,000
Issued and fully paid shares of HK$0.1 each			
At 1 April 2008		1,378,943,145	137,894
Issue of shares upon exercise of share options	(a)	2,310,434	231
At 31 March 2009 and 1 April 2009		1,381,253,579	138,125
Issue of shares upon exercise of share options	(a)	10,058,952	1,006
At 31 March 2010		**1,391,312,531**	**139,131**

Notes:

(a) **Issue of shares upon exercise of share options**

During the year, a total of 10,058,952 (2009: 2,310,434) shares were issued to certain directors and staff members of the Company pursuant to the exercises of share options under the 2002 Share Option Scheme. The proceeds of the issues totalling HK$26,670,000 (2009: HK$3,881,000) including share premium amounted to HK$25,664,000 (2009: HK$3,650,000).

(b) **Share options**

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

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

	No. of share options year ended 31 March	
	2010	2009
At beginning of the year	**35,536,181**	25,113,214
Granted	**–**	13,500,000
Exercised	**(10,058,952)**	(2,310,434)
Lapsed	**(57,000)**	(766,599)
At the end of the year	**25,420,229**	35,536,181

25 Share capital (continued)

Notes: (continued)

(b) Share options (continued)

The expiry dates and exercise prices of the share options outstanding as at 31 March 2010 were set out as follows:–

Expiry date	Exercise price per share (HK$)	No. of Share Options as at 31 March 2010	2009
2002 Share Option Scheme			
29 October 2013	1.68	**2,658,386**	5,334,672
28 February 2014	2.85	**–**	268,333
2 March 2014	2.78	**–**	775,333
28 June 2014	3.00	**–**	1,000,000
30 November 2014	3.85	**557,666**	953,666
21 December 2014	4.15	**215,333**	215,333
25 May 2016	2.965	**8,488,844**	13,488,844
1 March 2019	2.19	**13,500,000**	13,500,000
		25,420,229	35,536,181

Fair value of share options, measured at the grant dates of the options, are determined using the binomial lattice model that is based on the underlying assumptions of one of the commonly used employee share option pricing model. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

26 Reserves

(a) Group

	Share premium HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Building revaluation reserve HK$'000	Translation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2009	650,079	11,783	17,490	2,919	(17,412)	319,765	984,624
Profit for the year	–	–	–	–	–	381,095	381,095
Depreciation transfer on buildings, net of tax	–	–	–	(445)	–	532	87
Fair value gains on buildings, net of tax	–	–	–	6,108	–	–	6,108
Currency translation differences	–	–	–	–	14,919	–	14,919
Total recognised income for the year ended 31 March 2010	–	–	–	5,663	14,919	381,627	402,209
Employee share option scheme:							
Value of employee services	–	–	4,192	–	–	–	4,192
Proceeds from shares issued upon exercise of options (Note 25(a))	25,664	–	–	–	–	–	25,664
Transfer of reserve upon exercise of options	7,589	–	(7,589)	–	–	–	–
2008/2009 Final and Special dividends paid	–	–	–	–	–	(235,147)	(235,147)
2009/2010 Interim dividend paid	–	–	–	–	–	(41,601)	(41,601)
2009/2010 Special dividend paid	–	–	–	–	–	(83,202)	(83,202)
	33,253	–	(3,397)	–	–	(359,950)	(330,094)
At 31 March 2010	**683,332**	**11,783**	**14,093**	**8,582**	**(2,493)**	**341,442**	**1,056,739**
Representing:							
Reserves							791,917
Proposed dividends							264,822
At 31 March 2010							**1,056,739**

26 Reserves (continued)

(a) Group (continued)

	Share premium HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Building revaluation reserve HK$'000	Translation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2008	645,101	11,783	16,875	3,364	144	293,332	970,599
Profit for the year	–	–	–	–	–	315,951	315,951
Depreciation transfer on buildings, net of tax	–	–	–	(445)	–	532	87
Currency translation differences	–	–	–	–	(17,556)	–	(17,556)
Total recognised income for the year ended 31 March 2008	–	–	–	(445)	(17,556)	316,483	298,482
Employee share option scheme:							
Value of employee services	–	–	1,943	–	–	–	1,943
Proceeds from shares issued upon exercise of options (Note 25(a))	3,650	–	–	–	–	–	3,650
Transfer of reserve upon exercise of options	1,328	–	(1,328)	–	–	–	–
2007/2008 Final and Special dividends paid	–	–	–	–	–	(207,174)	(207,174)
2008/2009 Interim dividend paid	–	–	–	–	–	(41,438)	(41,438)
2008/2009 Special dividend paid	–	–	–	–	–	(41,438)	(41,438)
	4,978	–	615	–	–	(290,050)	(284,457)
At 31 March 2009	650,079	11,783	17,490	2,919	(17,412)	319,765	984,624

Representing:	
Reserves	749,809
Proposed dividends	234,815
At 31 March 2009	984,624

26 Reserves (continued)

(b) Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2009	650,079	11,783	17,490	86,885	766,237
Profit for the year	–	–	–	326,296	326,296
Employee share option scheme:					
Value of employee services	–	–	4,192	–	4,192
Proceeds from shares issued upon exercise of options (Note 25(a))	25,664	–	–	–	25,664
Transfer of reserve upon exercise of options	7,589	–	(7,589)	–	–
2008/2009 Final and Special dividends paid	–	–	–	(235,147)	(235,147)
2009/2010 Interim dividend paid	–	–	–	(41,601)	(41,601)
2009/2010 Special dividend paid	–	–	–	(83,202)	(83,202)
	33,253	–	(3,397)	(359,950)	(330,094)
At 31 March 2010	**683,332**	**11,783**	**14,093**	**53,231**	**762,439**
Representing:					
Reserves					497,617
Proposed dividends					264,822
At 31 March 2010					**762,439**

26 Reserves (continued)

(b) Company (continued)

	Share premium HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2008	645,101	11,783	16,875	72,148	745,907
Profit for the year	–	–	–	304,787	304,787
Employee share option scheme:					
Value of employee services	–	–	1,943	–	1,943
Proceeds from shares issued upon exercise of options (Note 25(a))	3,650	–	–	–	3,650
Transfer of reserve upon exercise of options	1,328	–	(1,328)	–	–
2007/2008 Final and Special dividends paid	–	–	–	(207,174)	(207,174)
2008/2009 Interim dividend paid	–	–	–	(41,438)	(41,438)
2008/2009 Special dividend paid	–	–	–	(41,438)	(41,438)
	4,978	–	615	(290,050)	(284,457)
At 31 March 2009	650,079	11,783	17,490	86,885	766,237
Representing:					
Reserves					531,422
Proposed dividends					234,815
At 31 March 2009					766,237

(c) At 31 March 2010, the Company had a distributable reserve of approximately HK$736,563,000 (2009: HK$736,964,000).

27 Consolidated statement of cash flows

Cash generated from operations

	2010 HK$'000	2009 HK$'000
Profit for the year	**381,095**	315,951
Adjustments for:		
– Income tax expense	**83,849**	67,360
– Depreciation of property, plant and equipment	**62,377**	64,468
– Amortisation of leasehold land	**797**	796
– Gain on disposal of property, plant and equipment	**(272)**	(1,338)
– Write-off of property, plant and equipment	**1,473**	2,858
– Share-based payment	**4,192**	1,943
– Interest income	**(6,412)**	(13,196)
– Fair value changes in investment property	**(1,700)**	1,500
Changes in working capital	**525,399**	440,342
– Inventories	**(94,489)**	1,873
– Trade receivables	**(13,309)**	2,985
– Other receivables, deposits and prepayments	**(10,909)**	(1,415)
– Trade and bills payable	**31,437**	(33,983)
– Other payables and accrued charges	**46,694**	2,747
– Retirement benefit obligations	**(82)**	(436)
Cash generated from operations	**484,741**	412,113

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

	2010 HK$'000	2009 HK$'000
Net book amount (Note 14)	**8**	337
Gain on disposal of property, plant and equipment	**272**	1,338
Proceeds from disposal of property, plant and equipment	**280**	1,675

28 Commitments – Group

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

	2010 HK$'000	2009 HK$'000
Contracted but not provided for	**20,016**	5,191
Authorised but not contracted for	**113,668**	61,926
	133,684	67,117

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

(b) Commitments under operating leases

As at 31 March 2010, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2010 HK$'000	2009 HK$'000
Land and buildings		
Within one year	**420,058**	327,814
In the second to fifth year inclusive	**562,631**	416,563
After the fifth year	**1,392**	15,208
	984,081	759,585

29 Related party transactions

Key management personnel compensation:

	2010 HK$'000	2009 HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	**31,370**	33,161
Retirement benefit costs	**1,609**	1,651
Share-based payment	**4,192**	1,943
	37,171	36,755

30 Principal subsidiaries

Particulars of the principal subsidiaries at 31 March 2010:

Name	Place of incorporation	Principal activities and place of operation (if different from place of incorporation)	Particulars of issued share capital/paid up share capital	Indirect interest held
Alibaster Management Limited	British Virgin Islands	Trading and retailing of cosmetic and skin care products in Taiwan	Ordinary US$6,880,000	100%
Base Sun Investment Limited	Hong Kong	Property holding	Ordinary HK$100 Deferred HK$2	100%
Cyber Colors Limited	British Virgin Islands	Holding of intellectual property rights in Hong Kong	Ordinary US$1	100%
Docile Company Limited	British Virgin Islands	Holding of intellectual property rights in Hong Kong	Ordinary US$2	100%
Elegance Trading (Shanghai) Company Limited (Note 1)	PRC	Wholesaling of cosmetic and skin care products	HK$1,500,000	100%
Gig Limited	Samoa	Holding of intellectual property rights in Hong Kong	Ordinary US$1	100%
Hong Kong Sa Sa (M) Sdn. Bhd.	Malaysia	Trading and retailing of cosmetic and skin care products	Ordinary RM20,000,000	100%
Hadatuko Limited	British Virgin Islands	Holding of intellectual property rights in Hong Kong	Ordinary US$1	100%
Lea Limited	Samoa	Holding of intellectual property rights in Hong Kong	Ordinary US$1	100%
Matford Trading Limited	Hong Kong	Property holding	Ordinary HK$100 Deferred HK$6	100%
Sa Sa Cosmetic Company Limited	Hong Kong	Retailing and wholesaling of cosmetic and skin care products	Ordinary HK$100 Deferred HK$2	100%
Sa Sa Cosmetic Co. (S) Pte Limited	Singapore	Trading and retailing of cosmetic and skin care products	Ordinary S$19,500,000	100%

30 Principal subsidiaries (continued)

Particulars of the principal subsidiaries at 31 March 2010: (continued)

Name	Place of incorporation	Principal activities and place of operation (if different from place of incorporation)	Particulars of issued share capital/paid up share capital	Indirect interest held
Sa Sa dot Com Limited	Hong Kong	E-commerce	Ordinary HK$1,000,000	100%
Sa Sa Investment Limited	Hong Kong	Property holding	Ordinary HK$100 Deferred HK$2	100%
Sa Sa Property Limited	Hong Kong	Property holding	Ordinary HK$100	100%
Sa Sa Cosmetic (China) Company Limited (Note 2)	PRC	Trading and retailing of cosmetic and skin care products	HK$75,000,000	100%
SkinPeptoxyl Limited	British Virgin Islands	Holding of intellectual property rights in Hong Kong	Ordinary US$1	100%
Swiss Rituel Limited	British Virgin Islands	Holding of intellectual property rights in Hong Kong	Ordinary US$1	100%
Suisse Programme Limited	Gibraltar	Holding of intellectual property rights in Hong Kong	Ordinary Gibraltar £100	100%
Vance Trading Limited	Hong Kong	Property holding	Ordinary HK$400,100 Deferred HK$1,600,000	100%

Notes:

(1) Elegance Trading (Shanghai) Company Limited is a wholly foreign owned enterprise for an operating period of 30 years up to 4 December 2038. As at 31 March 2010, its paid up capital was HK$1,500,000.

(2) Sa Sa Cosmetic (China) Company Limited is a wholly foreign owned enterprise for an operating period of 30 years up to 5 February 2035. As at 31 March 2010, its paid up capital was HK$75,000,000.