HANG TEN

HANG TEN GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 448)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2010

The Board of Directors (the "Board") of Hang Ten Group Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for year ended 31 March 2010, together with the comparative figures for the corresponding year in 2009 as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2010	2009 (restated)
	Note	***HK$'000***	*HK$'000*
Turnover	*3*	**2,056,440**	2,008,025
Cost of sales		**(900,293)**	(907,064)
Gross profit		**1,156,147**	1,100,961
Other revenue	*5*	**36,731**	40,528
Other net income/(loss)	*5*	**65,844**	(32,323)
Selling expenses		**(875,935)**	(852,996)
Administrative expenses		**(120,024)**	(138,535)
Other operating expenses		**(72,090)**	(5,017)
Profit from operations		**190,673**	112,618
Finance costs	*6(a)*	**(8,926)**	(9,446)
Profit before taxation	*6*	**181,747**	103,172
Income tax	*7*	**(40,590)**	(23,195)
Profit for the year		**141,157**	79,977
Attributable to:			
Equity shareholders of the Company		**142,995**	82,947
Minority interests		**(1,838)**	(2,970)
Profit for the year		**141,157**	79,977
Earnings per share	*8*		
– Basic		**HK 14.56 cents**	HK 8.44 cents
– Diluted		**HK 14.56 cents**	HK 8.44 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2010	2009 (restated)
	HK$'000	*HK$'000*
Profit for the year	**141,157**	79,977
Other comprehensive income for the year:		
Exchange differences on translation of financial statements of subsidiaries	**63,243**	(100,742)
Total comprehensive income for the year	**204,400**	(20,765)
Attributable to:		
Equity shareholders of the Company	**206,075**	(17,539)
Minority interests	**(1,675)**	(3,226)
Total comprehensive income for the year	**204,400**	(20,765)

CONSOLIDATED BALANCE SHEET

	Note	**At 31 March 2010**	At 31 March 2009 (restated)	At 31 March 2008 (restated)
		HK$'000	*HK$'000*	*HK$'000*
Non-current assets				
Fixed assets				
– Investment properties		**50,873**	52,734	–
– Other property, plant and equipment		**125,421**	123,995	87,065
		176,294	176,729	87,065
Goodwill		**74,038**	75,217	74,038
Intangible assets	*10*	**115,309**	139,443	138,675
Other receivables	*11*	**44,140**	–	–
Deferred tax assets		**23,536**	27,802	31,501
		433,317	419,191	331,279
Current assets				
Investments		**84,475**	62,257	127,585
Inventories		**245,360**	254,511	280,871
Trade and other receivables	*11*	**216,638**	193,332	258,218
Amounts due from related companies		**248**	419	496
Cash and cash equivalents		**275,116**	131,998	184,313
		821,837	642,517	851,483
Current liabilities				
Bank loans		**17,123**	32,152	21,256
Trade and other payables	*12*	**255,845**	220,894	236,736
Amounts due to shareholders		**8,631**	5,103	9,128
Current taxation		**49,942**	36,720	53,269
		331,541	294,869	320,389
Net current assets		**490,296**	347,648	531,094
Total assets less current liabilities		**923,613**	766,839	862,373
Non-current liabilities				
Loans from shareholders		**127,182**	127,182	127,182
Loan from a minority shareholder		**3,048**	3,048	–
Deferred income		**27,453**	36,604	45,755
Employee benefits		**3,614**	2,799	2,707
		161,297	169,633	175,644
NET ASSETS		**762,316**	597,206	686,729
CAPITAL AND RESERVES				
Share capital		**98,225**	98,225	98,225
Reserves		**661,470**	494,685	580,982
Total equity attributable to equity shareholders of the Company		**759,695**	592,910	679,207
Minority interests		**2,621**	4,296	7,522
TOTAL EQUITY		**762,316**	597,206	686,729

Notes:

1. Basis of preparation

The consolidated financial statements for the year ended 31 March 2010 comprise the Company and its subsidiaries. The financial statements have been prepared in accordance with the same accounting policies adopted in the financial statements for the year ended 31 March 2009, except for the changes in accounting policies as set out below. The financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31 March 2010, but is derived from those financial statements.

2. Changes in accounting policies

(a) Change in presentation currency

During the year ended 31 March 2010, the Group changed its presentation currency from the United States dollars to Hong Kong dollars. This change in accounting policy has been applied retrospectively. As a result, the comparative figures in the Group's financial statements are translated from the United States dollars to Hong Kong dollars using the closing rate at the relevant balance sheet date for balance sheet items, average rates for the relevant period for income statement, statement of comprehensive income and cash flow statement items and historical rates for items in the statement of changes in equity. The change in presentation currency has no significant impact on the financial position of the Group as at 31 March 2009 and 2010, or the results and cash flows for the years ended 31 March 2009 and 2010.

(b) Application of new and revised HKFRSs

The Hong Kong Institutes of Certified Public Accountants ("HKICPA") has issued one new Hong Kong Financial Reporting Standard ("HKFRS"), a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

– HKFRS 8, Operating segments
– HKAS 1 (revised 2007), Presentation of financial statements
– Amendments to HKFRS 7, Financial instruments: Disclosures – improving disclosures about financial instruments
– Improvements to HKFRSs (2008)
– Amendments to HKAS 27, Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate
– HKAS 23 (revised 2007), Borrowing costs
– Amendments to HKFRS 2, Share-based payment – vesting conditions and cancellations

The improvements to HKFRSs (2008), amendments to HKAS 27, HKAS 23 and HKFRS 2 have had no material impact on the Group's financial statements as the improvements, amendments and interpretations were consistent with policies already adopted by the Group. The remainder of these developments requires certain presentation changes and additional disclosures.

In particular, the adoption of HKAS 1 (Revised 2007) has resulted in the presentation of a third consolidated and Company balance sheet as at 31 March 2008 as the Group has changed the presentation currency as set out in note 2(a) above.

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

3. Turnover

The principal activities of the Group are designing, marketing and sales of apparel and accessories under the brand name of "Hang Ten" and other brands and licensing of trademarks. Turnover represents the sales value of goods supplied to customers and royalty income from licensing of trademarks. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	Year ended 31 March	
	2010	2009 (restated)
	HK$'000	*HK$'000*
Sales of apparel and accessories	**2,036,696**	1,982,767
Royalty income	**19,744**	25,258
	2,056,440	2,008,025

4. Segmental information

The Group manages its businesses in terms of apparel business by geographical location and licensing business. Reportable segments are presented in a manner consistent with the way in which information is reported to the Group's most senior executive management for the purposes of resource allocation and performance assessment.

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 revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. The measure used for reporting segment profit is operating profit before finance costs and taxes and excludes other head office or corporate administrative costs.

Segment assets include all tangible, intangible assets and current assets with the exception of goodwill and other corporate assets. Segment liabilities include current taxation, deferred tax liabilities, creditors, intercompany payables, other payables and accrued expenses attributable to the activities of the individual segments and borrowings managed directly by the segments.

Information regarding the Group's reportable segments for the years ended 31 March 2010 and 2009 is set out below.

Year ended 31 March 2010

	Sale of apparel									
	Taiwan *HK$'000*	**Korea** *HK$'000*	**Philippines** *HK$'000*	**Singapore** *HK$'000*	**Hong Kong & Macau** *HK$'000*	**Malaysia** *HK$'000*	**Mainland China** *HK$'000*	**Sub-total** *HK$'000*	**Licensing** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	913,950	766,465	29,128	131,207	69,733	25,398	100,815	2,036,696	19,744	2,056,440
Inter-segment revenue	32,392	–	–	–	2,373	–	–	34,765	14,634	49,399
Reportable segment revenue	946,342	766,465	29,128	131,207	72,106	25,398	100,815	2,071,461	34,378	2,105,839
Reportable segment profit	46,941	71,075	(3,823)	10,966	1,086	1,652	(1,846)	126,051	79,287	205,338
Interest income	559	1,551	8	–	16	–	–	2,134	3,846	5,980
Interest expense	–	(736)	(16)	(16)	–	(8)	(511)	(1,287)	–	(1,287)
Depreciation and amortisation for the year	(12,346)	(11,439)	(845)	(2,978)	(915)	(1,505)	(4,157)	(34,185)	–	(34,185)
Reversal of impairment losses on trade debtors and royalty receivables	–	202	–	–	–	–	–	202	535	737
Reportable segment assets	1,035,153	381,042	12,679	29,267	20,613	8,453	36,146	1,523,353	295,093	1,818,446
Additions to non-current segment assets during the year	12,120	8,499	23	2,869	1,466	364	2,334	27,675	–	27,675
Reportable segment liabilities	457,545	75,952	5,995	61,924	51,113	12,982	43,537	709,048	36,991	746,039

Year ended 31 March 2009 (restated)

	Sale of apparel									
	Taiwan *HK$'000*	Korea *HK$'000*	Philippines *HK$'000*	Singapore *HK$'000*	Hong Kong & Macau *HK$'000*	Malaysia *HK$'000*	Mainland China *HK$'000*	Sub-total *HK$'000*	Licensing *HK$'000*	Total *HK$'000*
Revenue from external customers	898,890	747,217	41,225	122,831	51,796	20,838	99,970	1,982,767	25,258	2,008,025
Inter-segment revenue	41,334	–	–	–	–	–	–	41,334	14,091	55,425
Reportable segment revenue	940,224	747,217	41,225	122,831	51,796	20,838	99,970	2,024,101	39,349	2,063,450
Reportable segment profit	84,405	33,517	(4,676)	(11,881)	(1,698)	(2,350)	(8,616)	88,701	32,819	121,520
Interest income	1,667	1,396	7	–	–	–	–	3,070	2,024	5,094
Interest expense	(16)	(1,642)	(33)	(8)	–	(7)	(101)	(1,807)	–	(1,807)
Depreciation and amortisation for the year	(12,292)	(13,408)	(1,497)	(3,443)	(1,365)	(931)	(7,577)	(40,513)	(70)	(40,583)
Impairment losses on trade debtors and royalty receivables	–	(388)	–	–	–	–	–	(388)	–	(388)
Reportable segment assets	871,352	284,655	19,465	31,338	12,850	10,888	40,342	1,270,890	240,103	1,510,993
Additions to non-current segment assets during the year	97,992	50,772	729	3,614	845	2,900	6,049	162,901	–	162,901
Reportable segment liabilities	289,067	81,350	9,213	71,804	44,444	17,743	45,824	559,445	61,148	620,593

Reconciliation of reportable segment revenue, profit, assets and liabilities

	Year ended 31 March	
	2010	2009 (restated)
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**2,105,839**	2,063,450
Elimination of inter-segment revenue	**(49,399)**	(55,425)
Consolidated turnover	**2,056,440**	2,008,025
Profit		
Reportable segment profit	**205,338**	121,520
Elimination of inter-segment profit	**(1,652)**	(2,869)
	203,686	118,651
Finance costs	**(8,926)**	(9,446)
Unallocated head office and corporate income and expenses	**(13,013)**	(6,033)
Consolidated profit before taxation	**181,747**	103,172

	At 31 March 2010	At 31 March 2009 (restated)	At 31 March 2008 (restated)
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Reportable segment assets	**1,818,446**	1,510,993	1,467,479
Elimination of inter-segment receivables	**(638,765)**	(535,412)	(360,219)
	1,179,681	975,581	1,107,260
Goodwill	**74,038**	75,217	74,038
Unallocated head office and corporate assets	**1,435**	10,910	1,464
Consolidated total assets	**1,255,154**	1,061,708	1,182,762
Liabilities			
Reportable segment liabilities	**746,039**	620,593	573,241
Elimination of inter-segment payables	**(393,419)**	(297,063)	(213,697)
	352,620	323,530	359,544
Unallocated head office and corporate liabilities	**140,218**	140,972	136,489
Consolidated total liabilities	**492,838**	464,502	496,033

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, goodwill, intangible assets and deferred tax assets ("specified non-current assets"). The geographical location of customers is based on the location at which the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of goodwill, deferred tax assets and intangible assets.

	Revenue from external customers Year ended 31 March		**Specified non-current assets**	
	2010	2009 (restated)	**At 31 March 2010**	At 31 March 2009 (restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Taiwan	**913,950**	898,890	**168,104**	165,934
Korea	**768,039**	748,698	**81,167**	85,533
Singapore	**131,207**	122,831	**9,703**	9,540
Mainland China	**100,815**	99,970	**7,297**	10,221
Hong Kong & Macau	**69,733**	51,796	**1,442**	892
Philippines	**29,593**	41,721	**3,277**	4,332
Malaysia	**25,398**	20,838	**4,708**	5,584
Japan	**9,151**	9,151	**–**	–
Africa	**3,443**	2,637	**–**	–
The Netherlands	**–**	–	**113,479**	137,155
Others	**5,111**	11,493	**–**	–
	2,056,440	2,008,025	**389,177**	419,191

5. Other revenue and net income/(loss)

	Year ended 31 March	
	2010	2009 (restated)
	HK$'000	*HK$'000*
Other revenue		
Gross rentals from investment properties	**1,791**	2,869
Other rental income	**1,528**	2,358
Management fee income	**5,909**	6,367
Bank interest income	**5,980**	5,103
Claims receivable from suppliers	**1,226**	8,026
Other royalty income *(Note)*	**9,566**	9,508
Others	**10,731**	6,297
	36,731	40,528
Other net income/(loss)		
Net loss on disposal of fixed assets	**(600)**	(5,692)
Gain on disposal of intangible assets	**47,740**	–
Net foreign exchange gain/(loss)	**16,124**	(28,476)
Net loss on foreign exchange forward contracts	**–**	(651)
Net realised and unrealised gains on listed funds	**791**	442
Others	**1,789**	2,054
	65,844	(32,323)

Note: Other royalty income represents royalty income received from certain local manufacturers who were granted the rights to use the trademark "Hang Ten" in Taiwan.

6. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

		Year ended 31 March	
		2010	2009 (restated)
		HK$'000	*HK$'000*
(a)	Finance costs:		
	Interest on bank advances wholly repayable within five years	**1,287**	1,807
	Interest on loans from shareholders	**7,639**	7,639
		8,926	9,446
(b)	Other items:		
	Amortisation of intangible assets	**458**	458
	Depreciation	**33,843**	40,310
	Commission to franchisees	**119,091**	118,814
	(Reversal of impairment losses)/impairment losses on trade debtors and royalty receivables	**(737)**	388
	Impairment loss on other receivables	**5,188**	–
	Impairment loss on intangible assets	**2,862**	1,636
	Impairment loss on goodwill	**1,179**	–
	Accrual for additional value added tax and penalties	**60,272**	–
	Auditors' remuneration	**2,216**	1,915
	Operating lease charges (including retail shops and department store counters)		
	– minimum lease payments	**182,655**	180,358
	– contingent rentals	**283,879**	254,380
	Cost of inventories	**900,293**	907,064
	Staff costs	**221,328**	231,161

7. Income tax

	Year ended 31 March	
	2010	2009
		(restated)
	HK$'000	*HK$'000*
Current tax – Overseas		
Provision for the year	**33,982**	24,203
Under/(over)-provision in respect of prior years	**39**	(31)
	34,021	24,172
Deferred tax		
Origination and reversal of temporary differences	**5,452**	(2,745)
Effect on deferred tax balances at 1 April resulting from a decrease in tax rate	**1,117**	1,768
	6,569	(977)
	40,590	23,195

No provision for Hong Kong Profits Tax has been made in the financial statements for the year ended 31 March 2010 as tax losses brought forward from previous years exceed the estimated assessable profit for the year. No provision for Hong Kong Profits Tax had been made in the financial statements for the year ended 31 March 2009 as the Group sustained a loss for Hong Kong Profits Tax purposes.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries. During the year ended 31 March 2010, the applicable tax rate for subsidiaries domiciled in Taiwan and Korea is 25% (2009: 25%) and 24.2% (2009: 27.5%) respectively. In May 2009, the Taiwan Government announced that the income tax rate for the Group's subsidiaries operated in Taiwan for the year ending 31 March 2011 would be reduced from 25% to 20%. The decrease is taken into account in the preparation of the Group's 2010 financial statements and the opening balance of deferred tax assets has been re-estimated accordingly.

8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$142,995,000 (2009 (restated): HK$82,947,000) and 982,250,000 (2009: 982,250,000) ordinary shares in issue during the year.

Diluted earnings per share is the same as the basic earnings per share as the Company did not have any dilutive potential ordinary shares outstanding during the years ended 31 March 2010 and 2009.

9. Dividends

	Year ended 31 March	
	2010	2009
		(restated)
	HK$'000	*HK$'000*
Final dividend proposed after the balance sheet date of HK5.5 cents (2009: HK4.0 cents) per ordinary share	**54,024**	39,290

The dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

10. Intangible assets

	At 31 March 2010	At 31 March 2009 (restated)	At 31 March 2008 (restated)
	HK$'000	*HK$'000*	*HK$'000*
Trademarks	**113,479**	137,155	135,929
Retail network	**1,830**	2,288	2,746
	115,309	139,443	138,675

11. Trade and other receivables

	At 31 March 2010	At 31 March 2009 (restated)	At 31 March 2008 (restated)
	HK$'000	*HK$'000*	*HK$'000*
Trade debtors	**107,034**	86,484	121,040
Royalty receivables	**4,133**	5,235	5,397
Less: Allowance for doubtful debts	**(1,202)**	(3,373)	(3,218)
	109,965	88,346	123,219
Foreign exchange forward contracts	**–**	–	752
Rental deposits	**81,668**	75,572	97,884
Prepayments and other receivables	**69,145**	29,414	36,363
	260,778	193,332	258,218
Less: Non-current portion – other receivables	**(44,140)**	–	–
	216,638	193,332	258,218

Prepayments and other receivables as at 31 March 2010 included a promissory note receivable amounting to HK$50,362,000 (2009: HK$Nil; 2008: HK$Nil), which will be fully repaid by June 2013, in relation to the disposal of intangible assets. This promissory note receivable bears interest at 6% per annum, compounded on a quarterly basis and is settled by instalment on a quarterly basis. In accordance with the terms of the promissory note, HK$44,140,000 will be settled by the note issuer after one year from 31 March 2010 and accordingly it is classified as non-current assets as at 31 March 2010.

All of the current portion of trade and other receivables are expected to be recovered or recognised as an expense within one year, except for the rental deposits.

The ageing analysis of trade debtors and royalty receivables that are neither individually nor collectively considered to be impaired are as follows:

	At 31 March 2010	At 31 March 2009 (restated)	At 31 March 2008 (restated)
	HK$'000	*HK$'000*	*HK$'000*
Neither past due nor impaired	**96,131**	74,666	104,615
1 to 3 months past due	**11,213**	12,067	18,100
3 months to 1 year past due	**1,413**	1,613	504
1 year to 2 years past due	**1,208**	–	–
Amounts past due	**13,834**	13,680	18,604
	109,965	88,346	123,219

The Group's credit risk is primarily attributable to receivables arising from wholesale of goods and royalty receivables as retail sales to customers are made in cash or through credit cards. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are generally due within 30 to 60 days from the date of billing. The Group occasionally requests cash deposits as collateral from customers.

12. Trade and other payables

	At 31 March 2010	At 31 March 2009 (restated)	At 31 March 2008 (restated)
	HK$'000	*HK$'000*	*HK$'000*
Trade creditors	**71,281**	90,625	95,650
Bills payable	**1,791**	2,381	6,343
Interest on loans from shareholders	**7,639**	7,639	7,639
Foreign exchange forward contracts	**–**	651	–
Accrued charges	**111,096**	38,620	56,697
Deferred income	**9,151**	9,151	9,151
Deposits received	**26,328**	36,828	32,455
Others	**28,559**	34,999	28,801
	255,845	220,894	236,736

Credit terms obtained by the Group range from 30 to 45 days. All of the trade and other payables are expected to be settled or recognised as income within one year, except for the deposits received.

Included in accrued charges of the Group is an accrual for additional value added tax and penalty amounting to a total of HK$64,182,000 (2009 (restated): HK$7,864,000; 2008 (restated): HK$7,864,000).

Included in trade and other payables of the Group are trade creditors and bills payable with the following ageing analysis as of the balance sheet date:

	At 31 March 2010	At 31 March 2009 (restated)	At 31 March 2008 (restated)
	HK$'000	*HK$'000*	*HK$'000*
Due within 1 month or on demand	**63,909**	75,472	75,782
Due after 1 month but within 3 months	**7,561**	15,463	17,107
Due after 3 months but within 6 months	**1,602**	2,071	9,104
	73,072	93,006	101,993

13. Comparative figures

As a result of the application of HKAS 1 (revised 2007), Presentation of financial statements, and HKFRS 8, Operating segments, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time for the year ended 31 March 2010. In addition, as a result of the change in presentation currency from United Stated dollars to Hong Kong dollars in the current accounting period, comparative figures have been restated accordingly.

DIVIDEND

The directors proposed a final dividend of Hong Kong 5.5 cents per share for the year ended 31 March 2010 to the holders of ordinary shares of the Company whose names appear on the register of members of the Company on 3 September 2010 and are subject to the approval by the shareholders in the forthcoming annual general meeting of the Company. The final dividend, if approved by the shareholders, are expected to be payable on or around 17 September 2010.

The directors adopt a policy of providing a reasonable return to the shareholders through payment of dividends. The amounts of dividends vary depending on available cash, future investment opportunities and working capital requirements of the Group. In view that no interim dividend has been distributed by the Company for the year ended 31 March 2010 and also for previous years, the directors may consider the payment of an interim dividend in future if current business situation continues to sustain.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 1 September 2010 to 3 September 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend payable on or around 17 September 2010 to be approved at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrars of the Company in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 31 August 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group operated an extensive retail network in Asia with about 750 retail stores under the brands *Hang Ten*, *H&T* and *Arnold Palmer*. Most of the Group's revenue was generated from its retail operation.

During the year under review, business conditions were more favorable comparing to the previous year. General economic environment in Asia had stabilised as the disturbance caused by the financial turmoil had subsided and consumer confidence had begun to recover. Exchange rates of the countries in which the Group operated had also stabilised.

The results of operation of the Group for the year had improved significantly especially the results in second half of the year whose improvement was even more pronounced when comparing with that of the same period of last year as well as with that of the first half of the year under review. The performance of the Group was summarized below.

	Full Year		**Second Half**		**First Half**	
	2010	2009	**2010**	2009	**2010**	2009
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Turnover	**2,056.4**	2,008.0	**1,139.0**	960.0	**917.4**	1,048.0
Gross profit	**1,156.1**	1,101.0	**659.0**	512.2	**497.1**	588.8
Operating profit	**190.7**	112.6	**133.5**	63.3	**57.2**	49.3
Profit attributable to shareholders	**143.0**	82.9	**100.8**	46.1	**42.2**	36.8

Turnover for the year ended 31 March 2010 amounted to HK$2,056.4 million (2009: HK$2,008.0 million). While the turnover for the whole year grew by only 2.4%, the turnover for the second half of the year increased by 18.6% comparing to the same period of the previous year as the Group was benefited from the improved business environment in the second half of the year. Gross margin for the year improved from 54.8% in the previous year to 56.2% in the current year. The second half of the year showed a larger improvement with a gross margin of 57.9% comparing to 53.4% of the same period of the previous year. The increase was a result of the improvement in market conditions and also that the Group had adjusted its product mix and pricing structure effectively to achieve a much better sell-through rate in its merchandise during the second half of the year. Appreciation in the currencies of most of the countries of operation also helped to contribute further improvement in gross margin.

The Group had taken measures to control its operating costs. Total administrative expenses reduced by HK$18.5 million. The improvement in gross margin and cost control had contributed to an increase in the operating profit of the Group for the year. As exchange rates in the Group's operating countries had stabilised, no exchange loss was incurred by the Group this year. As a result of these factors, operating profit for the year increased by 69.4% to HK$190.7 million (2009: HK$112.6 million). During the year, the Group disposed of one of its trademark right in North America and resulting in a gain of approximately HK$47.7 million which had been included in other net income. On the other hand, the Group had made an accrual for additional value added tax and penalties amounting to approximately HK$60.3 million for its Taiwan operation during the year based on the result of a court judgement in September 2009 in respect of a tax dispute related to previous years with the Taiwan Tax Authority. The Group had appealed against the judgement. The accrual had been included in other operating expenses. If those two non-recurring items were excluded from the operating profit, the amount of operating profit for the year would be HK$203.3 million, an increase of 80.6% over the previous year.

Profit attributable to shareholders for the year ended 31 March 2010 was HK$143.0 million, showing an increase of 72.5% or HK$60.1 million from the previous year. If the two non-recurring items described above were excluded, profit attributable to shareholders would amount to HK$155.6 million, representing an increase of 87.7% from 2009.

Basic and fully diluted earnings per share were the same and increased to HK14.56 cents for the current year from HK8.44 cents for the previous year. This represents an increase of HK6.12 cents or 72.5%. If the gain on disposal of trademark and the accrual for additional value-added tax and penalties were excluded, earnings per share for the year would be approximately HK15.84 cents.

Operations Review

Retail and distribution of apparel continued to be the core business of the Group. It contributed 99% of the Group's turnover with the remaining 1% contributed from the Group's licensing operation. The Group had 753 retail stores as at 31 March 2010 with a retail floor area of about 645,200 square feet.

Retail and distribution of apparel generated revenue of HK$2,036.7 million (2009: HK$1,982.8 million) for the year ended 31 March 2010, showing a growth of 2.7%. As the regional economies stabilised in the later part of the first half of the fiscal year, business began to improve. The decline in sales in the first half of the year had been more than compensated by the increase in sales in the second half of the year. Indeed, all the major geographical operations performed much better than the previous year. Both the top line sales and operating profits had shown significant improvement.

Taiwan

	Full Year		**Second Half**		**First Half**	
	2010	2009	**2010**	2009	**2010**	2009
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Turnover	**914.0**	898.9	**518.6**	460.3	**395.4**	438.6
Operating profit/(loss) *(Note)*	**46.9**	84.4	**79.1**	47.2	**(32.2)**	37.2
Number of stores at year/period end	**277**	262	**277**	262	**276**	249

Note: The operating profit of Taiwan for the year ended 31 March 2010 included an accrual for additional value added tax and penalties amounting to HK$60.3 million which was provided in the first half of the year.

Turnover from retail and distribution of apparel in Taiwan had increased by 1.7% for the whole year. However, the increase in turnover for the second half of the year was more significant with a growth of 12.7% comparing with that of the same period of the previous year. Operating profit for the year was HK$46.9 million. However, if the accrual for additional value added tax and penalties amounting to approximately HK$60.3 million made during the first half of the year was excluded, the amount of operating profit generated from the Taiwan operation would be HK$107.2 million, representing an increase of 27.0% on a year-on-year basis. The Group continued to expand its *Arnold Palmer* network during the year with most of the new additions in stores were *Arnold Palmer* stores. The Group had 52 *Arnold Palmer* stores at the end of March 2010. Contribution from this product line continued to increase and it contributed to over 13% of sales in Taiwan and a higher contribution to operating profit because of its higher margin.

South Korea

	Full Year		Second Half		First Half	
	2010	2009	**2010**	2009	**2010**	2009
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Turnover	**766.5**	747.2	**412.0**	310.1	**354.5**	437.1
Operating profit	**71.1**	33.5	**37.4**	15.4	**33.7**	18.1
Number of stores at year/period end	**296**	311	**296**	311	**300**	318

The operation in first half of the year had been affected by the economic downturn and the weak Korean Won. However, after experiencing a decline in sales in the first half of the year, the Group's Korean business recovered in the second half of the year resulting in an increase in sales of 2.6% for the whole year. The growth in sales in the second half of the year was 32.9% on a year-on-year basis. With the Korean Won stabilised and strengthened against the United States Dollars which is the major currency for purchase of merchandise, coupling with cost control measures undertaken to reduce operating costs, operating profit for the year increased by 112.2% to HK$71.1 million. During the year, several non-profitable stores were closed and overall store efficiency was improved. The Group's fashion brand *H&T* continued to perform satisfactorily and contributed to about 25% of the sales in Korea. Out of the 296 stores in Korea at the end of March 2010, 64 were *H&T* stores.

Singapore and Malaysia

	Full Year		Second Half		First Half	
	2010	2009	**2010**	2009	**2010**	2009
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Turnover	**156.6**	143.7	**86.4**	74.7	**70.2**	69.0
Operating profit/(loss)	**12.6**	(14.2)	**10.6**	(6.5)	**2.0**	(7.7)
Number of stores at year/period end	**41**	43	**41**	43	**43**	41

The Group had revamped its operation since last year by improving its merchandise and refurbishing its stores. It had also relocated or closed down its under-performed stores. These efforts began to bear reward this year. Sales for the first half of the year increased by only 1.7%, but with the uptrend continued during the second half of the year, sales grew by 9.0% for the whole year. The Group had achieved to turn around its operation with an operating profit of HK$12.6 million for the year, comparing with an operating loss of HK$14.2 million for the previous year.

Mainland China

	Full Year		Second Half		First Half	
	2010	2009	**2010**	2009	**2010**	2009
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Turnover	**100.8**	100.0	**59.3**	51.8	**41.5**	48.2
Operating (loss)/profit	**(1.8)**	(8.6)	**1.5**	(3.1)	**(3.3)**	(5.5)
Number of stores at year/period end	**89**	95	**89**	95	**96**	110

The Group had made significant inroad into the Mainland China market during the year even though its operation was still relatively small considering the potential of this market. Despite a decrease in the number of stores due to closing down of some under-performed stores, with an improvement in store efficiency, the Group had been able to achieve the same level of sales as the previous year. The improvement in operation in the second half of the year was more significant with a growth in sales of 14.5% as compared to the last corresponding period. The second half of the year also resulted in positive contribution with an operating profit of HK$1.5 million.

Hong Kong and Macau

	Full Year		Second Half		First Half	
	2010	2009	**2010**	2009	**2010**	2009
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Turnover	**69.7**	51.8	**40.7**	29.4	**29.0**	22.4
Operating profit/(loss)	**1.1**	(1.7)	**2.7**	(0.6)	**(1.6)**	(1.1)
Number of stores at year/period end	**18**	11	**18**	11	**14**	9

The Group continued to expand its sales network during the year to increase market penetration. New stores were opened in strategic locations with proximity to the Group's targeted customers and store locations were carefully selected to avoid incurring high rental costs. With the increase in market penetration, sales for the year grew by 34.6%. Improvement in store efficiency and cost control allowed this operation to provide positive contribution to the Group with an operating profit of HK$1.1 million for the year.

Philippines

	Full Year		Second Half		First Half	
	2010	2009	**2010**	2009	**2010**	2009
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Turnover	**29.1**	41.2	**15.2**	23.6	**13.9**	17.6
Operating loss	**(3.8)**	(4.7)	**(1.5)**	(2.6)	**(2.3)**	(2.1)
Number of stores at year/period end	**32**	48	**32**	48	**47**	50

The economic environment of Philippines remained sluggish. The Philippines operation was very small and contributed to only about 1.4% of the Group's total turnover. The Group decided to rationalise the operation in Philippines by closing down a number of non-profitable stores during the year. As a result, while sales decreased by 29.4%, the Group had managed to reduce the operating loss of this operation by over 19%.

Licensing Operation

The licensing operation continued to provide a steady royalty income stream to the Group. For the year ended 31 March 2010, total royalty income amounted to about HK$19.7 million. During the year, the Group disposed of one of its trademark right in North America, resulting in a gain of approximately HK$47.7 million.

Capital Structure

As at 31 March 2010, 982,250,000 ordinary shares were in issue. Total equity amounted to HK$762.3 million (2009: HK$597.2 million) as at 31 March 2010. The Company had not issued any new shares during the year.

Liquidity and Financial Resources

The Group generally financed its operation by internally generated cash flow and banking facilities provided by banks.

The Group generated HK$226.8 million (2009: HK$175.6 million) of cash from operations, HK$51.2 million more than last year. As at 31 March 2010, the Group had cash and bank balances amounted to HK$275.1 million (2009: HK$132.0 million) and listed funds, which were readily convertible into cash, amounted to HK$84.5 million (2009: HK$62.3 million). The liquidity position of the Group remained healthy. Current ratio increased to 2.5 times (2009: 2.2 times), which was mainly due to increase in cash and bank balances.

For the year ended 31 March 2010, the Group had financial facilities provided by banks amounting to approximately HK$205.8 million (2009: HK$183.9 million), of which about HK$17.1 million (2009: HK$32.2 million) had been utilized. Certain of the banking facilities were secured by the pledge of certain land and buildings and an investment property with carrying values of HK$30.1 million and HK$8.0 million respectively. Total indebtedness of the Group remained at a low level and represented 11.7% (2009: 15.3%) of the total assets of the Group as at 31 March 2010. Indebtedness of the Group at 31 March 2010 comprised bank loans of HK$17.1 million (2009: HK$32.2 million), loans from shareholders of HK$127.2 million (2009: HK$127.2 million) and a loan from a minority shareholder of a subsidiary of HK$3 million (2009: HK$3 million), totalling HK$147.3 million (2009: HK$162.4 million).

The loans from shareholders are unsecured and are due for repayment in November 2011.

Human Resources

As at 31 March 2010, the Group had approximately 2,100 (2009: 2,100) full time employees. About 1,800 employees were engaged in sales and marketing functions. The Group offers its employees competitive remuneration packages based on industry's practices and performance of individual employees. The Company had also adopted a share option scheme to which employees may participate. There was no option outstanding as at 31 March 2010.

OUTLOOK

The Group has implemented measures to improve efficiency by controlling costs and closing and relocating under-performing stores during the challenging time in the past two years. As the general economic environment appears to have stabilised with business and consumer confidence both started to improve, the management believes that the Group is well positioned to be benefited from the economic recovery. With the uptrend experienced in the second half of the year ended 31 March 2010, the management plans to expand its retail network in the coming year with the aim to increase both sales and profitability.

The continuing growth of the economy in Mainland China with increasing per capita income of its population offers potential for growth in the apparel retailing industry. The Group will intensify its expansion program in Mainland China to increase its geographical coverage. As the performance of the Group's Mainland China operation has been encouraging with the second half of the year ended 31 March 2010 showing a marginal operating profit, the management believes that the expansion of its retail network will provide another impetus for growth.

The Group's other markets including Singapore, Malaysia, Hong Kong and Macau have shown encouraging results. The operation of these markets has turned around and the management aims to foster the momentum by continuing its strategies of improving efficiency, careful selection of store locations to avoid sustaining high rental costs and continuing enhancement of merchandise. Although the Philippines' economy remains weak, the management is going to rationalize its Philippines operation to improve its profitability.

Various governments have put forward various measures to attract foreign investors and to stimulate international trade and domestic business activities. Recently, the Taiwan government has announced the reduction of corporate tax rate from 20% to 17% from 2011. South Korean marginal corporate tax rate is also scheduled to be cut from 24.2% to 22% in 2012. The reduction in corporate tax rate in the two largest markets of the Group's operation will provide a further stimulant to the Group's business as well as direct savings in tax.

The recent positive trends indicate that the worst has passed and the management believes that the competitiveness and resilience of the Group will enable it to maximise the benefit as the economy continues to improve.

PURCHASE, SALE OR REDEMPTION OF SHARES

There had been no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities during the year ended 31 March 2010.

CORPORATE GOVERNANCE

The Company has complied with the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2010 with the exception of Code A2.1 of the Code which requires that the roles of chairman and chief executive officer should be separate. Mr. Chan Wing Sun holds the position of Chairman and also the position of Chief Executive Officer of the Company since the resignation of Mr. Kenneth Hung on 26 March 2010. The vesting of the roles of chairman and chief executive officer on the same person deviates from the code provision of Code A2.1. of the Code. The Board believes that the Company and the Group have been operating by the senior management of the Group under a teamwork approach, and to have Mr. Chan Wing Sun to be both the Chairman and Chief Executive Officer of the Company will not unduly concentrate the power in any one individual. Further, the Board believes that the Company has appropriate corporate governance structure in place to ensure effective oversight of the management, and half of the members of the Board are independent non-executive directors. In addition, the audit committee is comprised solely of independent non-executive directors who have free and direct access to the Company's external auditors.

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report circulated in the 2010 Annual Report, which will be dispatched to shareholders of the Company.

AUDIT COMMITTEE

The Company has an audit committee (the "Committee") established for the purpose of reviewing and providing supervision on the financial reporting process and internal control of the Group. The Committee has reviewed the Group's consolidated financial statements for the year ended 31 March 2010. The Committee comprises the three independent non-executive directors of the Company.

By Order of the Board
Chan Wing Sun
Chairman

15 July 2010
Hong Kong

As at the date of this announcement, Mr. Chan Wing Sun, Ms. Kao Yu Chu and Ms. Wang Li Wen are executive directors, Mr. Cheung Yat Hung Alton, Mr. Kwong Chi Keung and Mr. So Hon Cheung Stephen are independent non-executive directors.