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 2011

Financial highlight

	2011	**2010**	**Increase (%)**
	HK$' million	*HK$' million*	
Turnover	2,363.5	2,056.4	14.9%
Gross profit	1,357.4	1,156.1	17.4%
Profit for the year	239.1	141.2	69.3%
Earnings per share	HK24.35 cents	HK14.56 cents	67.2%
Dividend per share	HK10.0 cents	HK5.5 cents	81.8%
Total assets	1,409.4	1,255.2	12.3%
Total equity	959.2	762.3	25.8%

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 2011, together with the comparative figures for the corresponding year in 2010 as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2011	2010
	Note	***HK$'000***	*HK$'000*
Turnover	*3*	**2,363,515**	2,056,440
Cost of sales		**(1,006,103)**	(900,293)
Gross profit		**1,357,412**	1,156,147
Other revenue	*5*	**32,319**	36,731
Other net income	*5*	**21,958**	65,844
Selling expenses		**(973,540)**	(875,935)
Administrative expenses		**(140,745)**	(120,024)
Other operating expenses		**(5,312)**	(72,090)
Profit from operations		**292,092**	190,673
Finance costs	*6(a)*	**(8,391)**	(8,926)
Profit before taxation	*6*	**283,701**	181,747
Income tax	*7*	**(44,638)**	(40,590)
Profit for the year		**239,063**	141,157
Attributable to:			
Equity shareholders of the Company		**239,133**	142,995
Non-controlling interests		**(70)**	(1,838)
Profit for the year		**239,063**	141,157
Earnings per share	*8*		
– Basic and diluted		**HK24.35 cents**	HK14.56 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2011	2010
	HK$'000	*HK$'000*
Profit for the year	**239,063**	141,157
Other comprehensive income for the year:		
Exchange differences on translation of financial statements of subsidiaries	**32,598**	63,243
Reserves realised on disposal of subsidiaries	**(1,156)**	–
Total comprehensive income for the year	**270,505**	204,400
Attributed to:		
Equity shareholders of the Company	**273,126**	206,075
Non-controlling interests	**(2,621)**	(1,675)
Total comprehensive income for the year	**270,505**	204,400

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 31 March 2011 HK$'000	At 31 March 2010 HK$'000
Non-current assets			
Fixed assets			
– Investment properties		**54,138**	50,873
– Other property, plant and equipment		**87,810**	125,421
		141,948	176,294
Goodwill		**71,940**	74,038
Intangible assets	*10*	**114,867**	115,309
Other receivables	*11*	**39,302**	44,140
Deferred tax assets		**25,328**	23,536
		393,385	433,317
Current assets			
Investments		**105,957**	84,475
Inventories		**307,804**	245,360
Trade and other receivables	*11*	**219,226**	216,638
Amounts due from related companies		**147**	248
Cash and cash equivalents		**382,911**	275,116
		1,016,045	821,837
Current liabilities			
Bank loans		**17,154**	17,123
Loans from shareholders	*12*	**127,182**	–
Trade and other payables	*13*	**209,734**	255,845
Amounts due to shareholders		**12,757**	8,631
Current taxation		**60,062**	49,942
		426,889	331,541
Net current assets		**589,156**	490,296
Total assets less current liabilities		**982,541**	923,613

	Note	At 31 March 2011 HK$'000	At 31 March 2010 HK$'000
Non-current liabilities			
Loans from shareholders	*12*	**–**	127,182
Loan from a non-controlling shareholder		**–**	3,048
Deferred income		**18,302**	27,453
Employee benefits		**5,087**	3,614
		23,389	161,297
NET ASSETS		**959,152**	762,316
CAPITAL AND RESERVES			
Share capital		**98,225**	98,225
Reserves		**860,927**	661,470
Total equity attributable to equity shareholders of the Company		**959,152**	759,695
Non-controlling interests		**–**	2,621
TOTAL EQUITY		**959,152**	762,316

Notes:

1. Basis of preparation

The annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 March 2011, but are derived from those financial statements. The consolidated financial statements for the year ended 31 March 2011 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 2010, except for the changes in accounting policies as set out below.

2. Changes in accounting policies

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

– HKFRS 3 (revised 2008), *Business combinations*
– Amendments to HKAS 27, *Consolidated and separate financial statements*
– Improvements to HKFRSs (2009)
– HK (Int) 5, *Presentation of Financial Statements – Classification by the borrower of a term loan that contains a repayment on demand clause*

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

The issuance of HK (Int) 5 has had no impact on the Group's financial statements as the Interpretation's conclusion was consistent with the policy already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

– The impact of the amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods.

Other change in accounting policy which is relevant to the Group's financial statements is as follow:

– As a result of the amendments to HKAS 27, as from 1 January 2010 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in HKAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

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	
	2011	2010
	HK$'000	*HK$'000*
Sales of apparel and accessories	**2,341,459**	2,036,696
Royalty income	**22,056**	19,744
	2,363,515	2,056,440

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, 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 2011 and 2010 is set out below.

Year ended 31 March 2011

	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	1,087,702	890,475	–	152,680	83,165	25,940	101,497	2,341,459	22,056	2,363,515
Inter-segment revenue	16,339	–	–	–	8,174	–	–	24,513	16,852	41,365
Reportable segment revenue	1,104,041	890,475	–	152,680	91,339	25,940	101,497	2,365,972	38,908	2,404,880
Reportable segment profit/(loss)	142,010	95,076	–	23,249	6,289	1,241	(6,165)	261,700	35,487	297,187
Interest income	530	3,505	–	–	–	–	–	4,035	2,876	6,911
Interest expense	–	(23)	–	(16)	–	(8)	(705)	(752)	–	(752)
Depreciation and amortisation for the year	(12,276)	(19,031)	–	(2,613)	(1,155)	(1,288)	(3,568)	(39,931)	(85)	(40,016)
Impairment losses on trade debtors and royalty receivables	–	(326)	–	–	–	–	–	(326)	(1,845)	(2,171)
Reportable segment assets	844,752	477,755	–	36,069	31,478	7,235	39,395	1,436,684	321,197	1,757,881
Additions to non-current segment assets during the year	7,770	15,479	–	1,102	2,187	8	5,599	32,145	–	32,145
Reportable segment liabilities	395,078	90,470	–	46,677	55,696	10,880	53,719	652,520	27,693	680,213

Year ended 31 March 2010

	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
	Sale of apparel									
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/(loss)	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

Reconciliation of reportable segment revenue, profit, assets and liabilities

	Year ended 31 March **2011** ***HK$'000***	2010 *HK$'000*
Revenue		
Reportable segment revenue	**2,404,880**	2,105,839
Elimination of inter-segment revenue	**(41,365)**	(49,399)
Consolidated turnover	**2,363,515**	2,056,440
Profit		
Reportable segment profit	**297,187**	205,338
Elimination of inter-segment profits	**(46)**	(1,652)
	297,141	203,686
Finance costs	**(8,391)**	(8,926)
Unallocated head office and corporate income and expenses	**(5,049)**	(13,013)
Consolidated profit before taxation	**283,701**	181,747

	At 31 March 2011 *HK$'000*	At 31 March 2010 *HK$'000*
Assets		
Reportable segment assets	**1,757,881**	1,818,446
Elimination of inter-segment receivables	**(423,841)**	(638,765)
	1,334,040	1,179,681
Goodwill	**71,940**	74,038
Unallocated head office and corporate assets	**3,450**	1,435
Consolidated total assets	**1,409,430**	1,255,154
Liabilities		
Reportable segment liabilities	**680,213**	746,039
Elimination of inter-segment payables	**(366,083)**	(393,419)
	314,130	352,620
Unallocated head office and corporate liabilities	**136,148**	140,218
Consolidated total liabilities	**450,278**	492,838

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 fixed assets, and the location of the operation to which they are allocated, in the case of goodwill, intangible assets and deferred tax assets.

	Revenue from external customers		*Specified Non-current assets*	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Taiwan	**1,087,702**	913,950	**135,817**	168,104
South Korea	**892,151**	768,039	**79,980**	81,167
Singapore	**152,680**	131,207	**9,467**	9,703
Mainland China	**101,497**	100,815	**9,174**	7,297
Hong Kong & Macau	**83,165**	69,733	**2,466**	1,442
Philippines	**318**	29,593	**–**	3,277
Malaysia	**25,940**	25,398	**3,700**	4,708
Japan	**9,151**	9,151	**–**	–
Africa	**3,722**	3,443	**–**	–
The Netherlands	**–**	–	**113,479**	113,479
Other countries	**7,189**	5,111	**–**	–
	2,363,515	2,056,440	**354,083**	389,177

5. Other revenue and net income

	Year ended 31 March	
	2011	2010
	HK$'000	*HK$'000*
Other revenue		
Gross rentals from investment properties	**1,551**	1,791
Other rental income	**2,029**	1,528
Management fee income	**6,460**	5,909
Bank interest income	**6,911**	5,980
Claims receivable from suppliers	**540**	1,226
Other royalty income *(Note)*	**8,932**	9,566
Others	**5,896**	10,731
	32,319	36,731
Other net income		
Net gain/(loss) on disposal of property, plant and equipment	**4,653**	(600)
Net gain on disposal of intangible assets	**–**	47,740
Net foreign exchange gain	**11,927**	16,124
Net realised and unrealised gains on listed funds	**155**	791
Net loss on disposal of subsidiaries	**(307)**	–
Others	**5,530**	1,789
	21,958	65,844

Note: Other royalty income represents royalty income received from certain Taiwanese 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	
	2011	2010
	HK$'000	*HK$'000*
(a) Finance costs:		
Interest on bank advances wholly repayable within five years	**752**	1,287
Interest on loans from shareholders	**7,639**	7,639
	8,391	8,926
(b) Other items:		
Impairment losses/(reversal of impairment losses):		
– trade debtors and royalty receivables	**2,171**	(737)
– other receivables	**–**	5,188
– intangible assets	**–**	2,862
– goodwill	**–**	1,179
	2,171	8,492
Operating lease charges (including retail shops and department store counters):		
– minimum lease payments	**193,650**	182,655
– contingent rentals	**325,632**	283,879
	519,282	466,534
Staff costs	**251,117**	221,328
Amortisation of intangible assets	**442**	458
Depreciation	**39,574**	33,843
Commission to franchisees	**116,534**	119,091
Accrual for additional value added tax and penalties	**–**	60,272
Auditors' remuneration	**2,364**	2,216
Cost of inventories	**1,006,103**	900,293

7. Income tax

	Year ended 31 March	
	2011	2010
	HK$'000	*HK$'000*
Current tax – Overseas		
Provision for the year	**46,693**	33,982
(Over)/under – provision in respect of prior years	**(85)**	39
	46,608	34,021
Deferred tax		
Origination and reversal of temporary differences	**(2,513)**	5,452
Effect on deferred tax balances at the beginning of the year resulting from a decrease in tax rate	**543**	1,117
	(1,970)	6,569
	44,638	40,590

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2011 and 2010 as tax losses brought forward from previous years exceed the estimated assessable profit for the respective year.

Taxation for subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries. During the year ended 31 March 2011, the applicable tax rates for subsidiaries domiciled in Taiwan and Korea are 17% (2010: 25%) and 24.2% (2010: 24.2%) respectively. In June 2010, the Taiwan Government announced that the income tax rate for the Group's subsidiaries operated in Taiwan for the year ended 31 March 2011 would be reduced from 25% to 17%. The decrease is taken into account in the preparation of the Group's 2011 annual results 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$239,133,000 (2010: HK$142,995,000) and 982,250,000 (2010: 982,250,000) ordinary shares in issue during the year.

The calculation of 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 2011 and 2010.

9. Dividends

Dividends payable to equity shareholders of the Company attributable to the year

	Year ended 31 March	
	2011	2010
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK2.0 cents (2010: HK$Nil) per ordinary share	**19,645**	–
Final dividend proposed after the end of the reporting period of HK8.0 cents (2010: HK5.5 cents) per ordinary share	**78,580**	54,024
	98,225	54,024

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

10. Intangible assets

	At 31 March 2011 *HK$'000*	At 31 March 2010 *HK$'000*
Trademarks	**113,479**	113,479
Retail network	**1,388**	1,830
	114,867	115,309

11. Trade and other receivables

	At 31 March 2011 *HK$'000*	At 31 March 2010 *HK$'000*
Trade debtors	**105,622**	107,034
Royalty receivables	**7,003**	4,133
Less: Allowance for doubtful debts	**(3,373)**	(1,202)
	109,252	109,965
Rental deposits	**80,047**	81,668
Prepayments and other receivables	**69,229**	69,145
	258,528	260,778
Less: Non-current portion – other receivables	**(39,302)**	(44,140)
	219,226	216,638

Prepayments and other receivables as at 31 March 2011 included a promissory note receivable amounting to HK$47,146,000 (2010: HK$50,362,000), which will be fully repaid by June 2013 in relation to the disposal of intangible assets during the year ended 31 March 2010. 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 term of the promissory note, HK$39,302,000 (2010:HK$44,140,000) will be settled by the note issuer after one year from 31 March 2011 and accordingly it is classified as non-current assets at the end of the reporting period.

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

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 2011 *HK$'000*	At 31 March 2010 *HK$'000*
Neither past due nor impaired	**97,465**	96,131
1 to 3 months past due	**7,406**	11,213
3 months to 1 year past due	**3,257**	1,413
1 year to 2 years past due	**1,124**	1,208
Amounts past due	**11,787**	13,834
	109,252	109,965

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. Loans from shareholders

The loans from shareholders represented loans from Hang Ten International Holdings Limited for financing the acquisition of ILC International Corporation in December 2001. The loans are unsecured, interest bearing at 6% (2010: 6%) per annum and due for repayment in November 2011 or earlier if an event of default occurs under the terms of the loan agreements. Accordingly, the loans are classified as current liabilities as at 31 March 2011.

13. Trade and other payables

	At 31 March 2011 *HK$'000*	At 31 March 2010 *HK$'000*
Trade creditors	**81,365**	71,281
Bills payable	**1,613**	1,791
	82,978	73,072
Interest on loans from shareholders	**7,639**	7,639
Accrued charges	**53,005**	111,096
Deferred income	**9,151**	9,151
Deposits received	**27,445**	26,328
Others	**29,516**	28,559
	209,734	255,845

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 as at 31 March 2010 was an accrual for additional value added tax and penalty amounting to a total of HK$64,182,000 which accrual had been paid to the Taiwan Tax Authority during the year ended 31 March 2011.

Included in trade and other payables of the Group are trade creditors and bills payable with the following ageing analysis as of the end of the reporting period:

	At 31 March 2011 HK$'000	At 31 March 2010 HK$'000
Due within 1 month or on demand	**76,387**	63,909
Due after 1 month but within 3 months	**6,312**	7,561
Due after 3 months but within 6 months	**279**	1,602
	82,978	73,072

DIVIDEND

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.

The directors proposed a final dividend of HK8.0 cents per ordinary share (2010: HK5.5 cents per ordinary share) for the year ended 31 March 2011 to the holders of ordinary shares of the Company whose names appear on the register of members of the Company on 9 September 2011 and are subject to the approval by the shareholders in the forthcoming annual general meeting of the Company. Together with the interim dividend of HK2.0 cents per ordinary share (2010: HK$Nil), total dividend for the year would amount to HK10.0 cents per ordinary share (2010: HK5.5 cents per ordinary share). The final dividend, if approved by the shareholders, are expected to be payable on or around 20 September 2011.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the entitlement of the shareholders to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 31 August 2011 to 2 September 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the right to attend and vote 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 4:30 p.m. on 30 August 2011.

The register of members of the Company will also be closed from 8 September 2011 to 9 September 2011, both days inclusive, during which period no transfer of shares will be effected for the purpose of ascertaining the entitlement of the shareholders to the proposed final dividend. In order to qualify for the final dividend payable on or around 20 September 2011 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 4:30 p.m. on 7 September 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Business conditions in Asia continued to improve during the year under review and consumer confidence and spending in the region had recovered. As the general environment improved, the Group gradually expanded its retail network. As at 31 March 2011, the Group had 792 stores, an increase of 39 stores from the previous year.

The results of operation of the Group for the year had improved significantly. The performance of the Group is summarised below.

	Full Year		**Second Half**		**First Half**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Turnover	**2,363.5**	2,056.4	**1,325.3**	1,139.0	**1,038.2**	917.4
Gross profit	**1,357.4**	1,156.1	**764.6**	659.0	**592.8**	497.1
Operating profit	**292.1**	190.7	**187.1**	133.5	**105.0**	57.2
Profit attributable to shareholders	**239.1**	143.0	**153.5**	100.8	**85.6**	42.2
Earnings per share	**24.35 cents**	14.56 cents	**15.63 cents**	10.26 cents	**8.72 cents**	4.30 cents

During the year, economic conditions in the markets where the Group operates continued to improve. At the same time, the Group had also strengthened its product design and adjusted its product mix. Turnover for the year ended 31 March 2011 increased by 14.9% and amounted to HK$2,363.5 million (2010: HK$2,056.4 million). Gross margin for the year improved from 56.2% in the previous year to 57.4% in the current year. Gross profit grew by 17.4% to HK$1,357.4 million. Other net income for the year decreased by HK$43.9 million and amounted to HK$22.0 million as the previous year's balance included a gain on sale of trademarks in the North America of HK$47.7 million which did not recur in this year.

Total selling and administrative expenses amounted to HK$1,114.3 million (2010: HK$996.0 million). The increase in selling and administrative expenses reflected the increase in operating activities and expansion of the Group. Other operating expenses decreased by HK$66.8 million comparing to the previous year which was principally due to the one-off accrual for additional value added tax and penalties amounting to approximately HK$60.3 million for its Taiwan operation for the year ended 31 March 2010.

The improvement in sales and gross margin enabled the Group to record an increase in operating profit by 53.2% to HK$292.1 million. During the year, the corporate income tax rate of Taiwan decreased from 25% to 17%, hence the effective tax rate of the Group reduced.

Profit attributable to shareholders amounted to HK$239.1 million, increased by 67.2% comparing to the previous year. Basic earnings per share increased to HK24.35 cents for the current year from HK14.56 cents for the previous year. This represents an increase of HK9.79 cents per share.

Operation Review

The Group had 792 retail stores with a floor area of about 643,300 square feet. Revenue from retail and distribution of apparel contributed to 99% of the Group's turnover with the remaining 1% contributed from the Group's licensing operation.

Retail and Distribution of Apparel

Retail and distribution of apparel generated revenue of HK$2,341.5 million (2010: HK$2,036.7 million) for the year ended 31 March 2011, showing a growth of 15%.

Because the Philippines retail operation had sustained operating losses in past years and the economic environment in the Philippines had not shown any significant improvement, the Group disposed of its retail operation in the Philippines at the beginning of the year. The Philippines operation only contributed to less than 2% of the Group's total turnover in the previous year and the disposal did not have significant impact to the Group. The Group has engaged a licensee and distributor to distribute its products in Philippines.

Taiwan

	Full Year		Second Half		First Half	
	2011	2010	**2011**	2010	**2011**	2010
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Turnover	**1,087.7**	914.0	**639.6**	518.6	**448.1**	395.4
Operating profit/(loss) *(Note)*	**142.0**	46.9	**108.5**	79.1	**33.5**	(32.2)
Number of stores at the year/period end	**279**	277	**279**	277	**276**	276

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

Taiwan is one of the major markets of the Group. Being one of the largest casual wear retailers in the market and with its extensive retail network, the Group had been able to reap the benefit of a strengthening economy. Both the *Hang Ten* and *Arnold Palmer* brands recorded a growth in sales. Revenue from retail and distribution of apparel in Taiwan contributed to about 46.0% of the turnover of the Group and increased by 19.0% for the year. Sales generated from the *Arnold Palmer* contributed to about 14% of the Group's sales in Taiwan. Operating profit for the year was HK$142.0 million, representing an increase of 202.8% on a year-on-year basis. However, if the accrual for additional value added tax and penalties of approximately HK$60.3 million made during the previous year in respect of a claim by the Taiwan Tax Authority was excluded from the previous year's operating profit, the increase in operating profit generated from the Taiwan operation when comparing to the previous year would be 32.5%. The Group had 226 *Hang Ten* stores and 53 *Arnold Palmer* stores at the end of March 2011 in Taiwan.

South Korea

	Full Year		Second Half		First Half	
	2011	2010	**2011**	2010	**2011**	2010
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Turnover	**890.5**	766.5	**477.9**	412.0	**412.6**	354.5

Operating profit	**95.1**	71.1	**47.7**	37.4	**47.4**	33.7
Number of stores at the year/period end	**322**	296	**322**	296	**307**	300

Korea contributed to about 37.7% of the Group's turnover. With the economy gradually improving, the Group had opened a number of new stores in Korea and there was a net increase of 26 stores at the end of the fiscal year. Sales for the year ended 31 March 2011 amounted to HK$890.5 million, representing an increase of 16.2%. Sales of *Hang Ten* brand merchandise and *H&T* brand products accounted for about 75% and 25% respectively of the sales in Korea. Gross margin increased as the Group had been able to enhance its products mix with more higher-margin items. Increase in gross margin was also attributed to a decrease in the cost of imported merchandise relative to the previous year as Korean Won appreciated against the United States Dollars in which a large portion of purchases were denominated. Operating profit grew by 33.8% to HK$95.1 million. The Group had 245 *Hang Ten* stores and 77 *H&T* stores at the end of March 2011 in South Korea.

Singapore and Malaysia

	Full Year		**Second Half**		**First Half**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Turnover	**178.6**	156.6	**101.0**	86.4	**77.6**	70.2
Operating profit	**24.5**	12.6	**15.8**	10.6	**8.7**	2.0
Number of stores at the year/period end	**40**	41	**40**	41	**37**	43

The Group's operation in Singapore and Malaysia continued to improve. Sales for the year grew by 14.0% to HK$178.6 million. Operating profit amounted to HK$24.5 million, showing an increase of 94.4%. There were a total of 40 stores in Singapore and Malaysia as at 31 March 2011.

Mainland China

	Full Year		**Second Half**		**First Half**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Turnover	**101.5**	100.8	**49.8**	59.3	**51.7**	41.5
Operating (loss)/profit	**(6.2)**	(1.8)	**(2.3)**	1.5	**(3.9)**	(3.3)
Number of stores at the year/period end	**129**	95	**129**	95	**123**	96

The Group continued to expand its store network in Mainland China. During the year, the Group added a number of new shops. It had also consolidated its retail network by relocating or closing a number of its under-performing shops during the middle and second half of the year. Sales for the whole year increased slightly to HK$101.5 million. As the Group had employed more marketing and administrative staff and obtained more office spaces for implementation of the Group's expansion plan coupling with expenditure incurred in consolidating the network, selling and administrative expenses increased by HK$6.5 million causing an increase in operating loss for the year to HK$6.2 million.

Hong Kong and Macau

	Full Year		Second Half		First Half	
	2011	2010	**2011**	2010	**2011**	2010
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Turnover	**83.2**	69.7	**47.6**	40.7	**35.6**	29.0
Operating profit/(loss)	**6.3**	1.1	**1.9**	2.7	**4.4**	(1.6)
Number of stores at the year/period end	**22**	18	**22**	18	**20**	14

The performance of the Hong Kong and Macau operation continued to improve. During the year, the Group added a total of 4 new stores in these markets. Sales for the year amounted to HK$83.2 million and operating profit amounted to HK$6.3 million for the year. Included in the operating profit was an amount of compensation received for early surrendering of shop premises of about HK$5 million which had been accounted for in the first half of the year.

Licensing Operation

The licensing operation continued to provide a steady royalty income stream to the Group. For the year ended 31 March 2011, total royalty income amounted to about HK$22.0 million.

Capital Structure

As at 31 March 2011, 982,250,000 ordinary shares were in issue. Total equity amounted to HK$959.2 million (2010: HK$762.3 million) as at 31 March 2011. 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$210.1 million (2010: HK$226.8 million) of cash from operations. As at 31 March 2011, the Group had cash and bank balances amounted to HK$382.9 million (2010: HK$275.1 million) and investments in listed funds, which were readily convertible into cash, amounted to HK$106.0 million (2010: HK$84.5 million). Loans from shareholders of HK$127.2 million have been reclassified as current liabilities as at 31 March 2011 as the loans from shareholders are repayable in November 2011. The liquidity position of the Group remained healthy with the current ratio at 2.4 times (2010: 2.5 times).

As at 31 March 2011, the Group had financial facilities provided by banks amounting to approximately HK$238.7 million (2010: HK$205.8 million), of which about HK$17.2 million (2010: HK$17.1 million) had been utilised. Total indebtedness of the Group remained at a low level and represented 10.2% (2010: 11.7%) of the total assets of the Group as at 31 March 2011.

Indebtedness of the Group at 31 March 2011 comprised bank loans of HK$17.2 million (2010: HK$17.1 million) and loans from shareholders of HK$127.2 million (2010: HK$127.2 million), totalling HK$144.4 million (2010: HK$147.3 million, including a loan from a non-controlling shareholder of a subsidiary of HK$3 million).

Human Resources

As at 31 March 2011, the Group had approximately 2,040 (2010: 2,100) full time employees. About 1,760 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 2011.

OUTLOOK

The Group will continue to expand its network and enhance its product design and development to provide attractive merchandise to our customers. Effort will also be made to strengthen the position of the more fashionable *H&T* brand and the more up-market *Arnold Palmers* brand and fine tune our product mix to improve margins.

The Group's major markets, Taiwan and South Korea have shown satisfactory performance for the year ended 31 March 2011. With the continuing improvement in the economic conditions in these markets, the Group is optimistic on the prospects of retail markets in these territories. To utilise the Group's operating leverage in these markets, the Group will further expand its retail network in Taiwan and South Korea to increase their profit contribution.

The Group has made steady progress on its development of the Mainland China market with over 130 shops presently. The Group has already set up shops in a number of cities including Beijing, Chengdu, Chongqing, Guangzhou, Shanghai, Shenzhen, Wuhan, Xian and Zhuhai. The Group will continue to expand its retail network in China. The Group has already introduced our fashion brand *H&T* in China and the Group plans to open more *H&T* shops to target the rising youth and teenager market. The Group believes that with the expansion in the retail network, the contribution from the Mainland China market will become more significant.

The Group's other markets including Singapore, Malaysia, Hong Kong and Macau have shown encouraging results. The management believes that the momentum can be fostered by continuing its strategies of improving efficiency, careful selection of store locations to avoid sustaining high rental costs and continuing enhancement of merchandise in these markets.

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 2011.

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 2011 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. 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 2011 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 2011. The Committee comprises of the three independent non-executive directors of the Company.

By Order of the Board
Chan Wing Sun
Chairman

22 June 2011
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.