HANG TEN

Hang Ten Group Holdings Limited

(Incorporated in Bermuda with Limited Liability) stock code : 448

Annual Report 2011

Corporate Information

Executive Directors

Chan Wing Sun
Kao Yu Chu
Wang Li Wen

Independent Non-executive Directors

Cheung Yat Hung Alton
Kwong Chi Keung, *J.P.*
So Hon Cheung Stephen

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business in Hong Kong

Room 912, 9th Floor
Stanhope House
734 King's Road
Quarry Bay, Hong Kong

Company Secretary

Lee Kin Keung Lawrence

Auditors

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

Principal Share Registrar

HSBC Securities Services (Bermuda) Limited
Bank of Bermuda Limited Building
6 Front Street
Hamilton HM11
Bermuda

Branch Share Registrar

Tricor Standard Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Hong Kong Main Office

The Hongkong and Shanghai Banking
Corporation Limited
Taiwan Branch

Chang Hwa Commercial Bank Limited

Hua Nan Commercial Bank Limited

Corporate Website

www.hangten.com.hk

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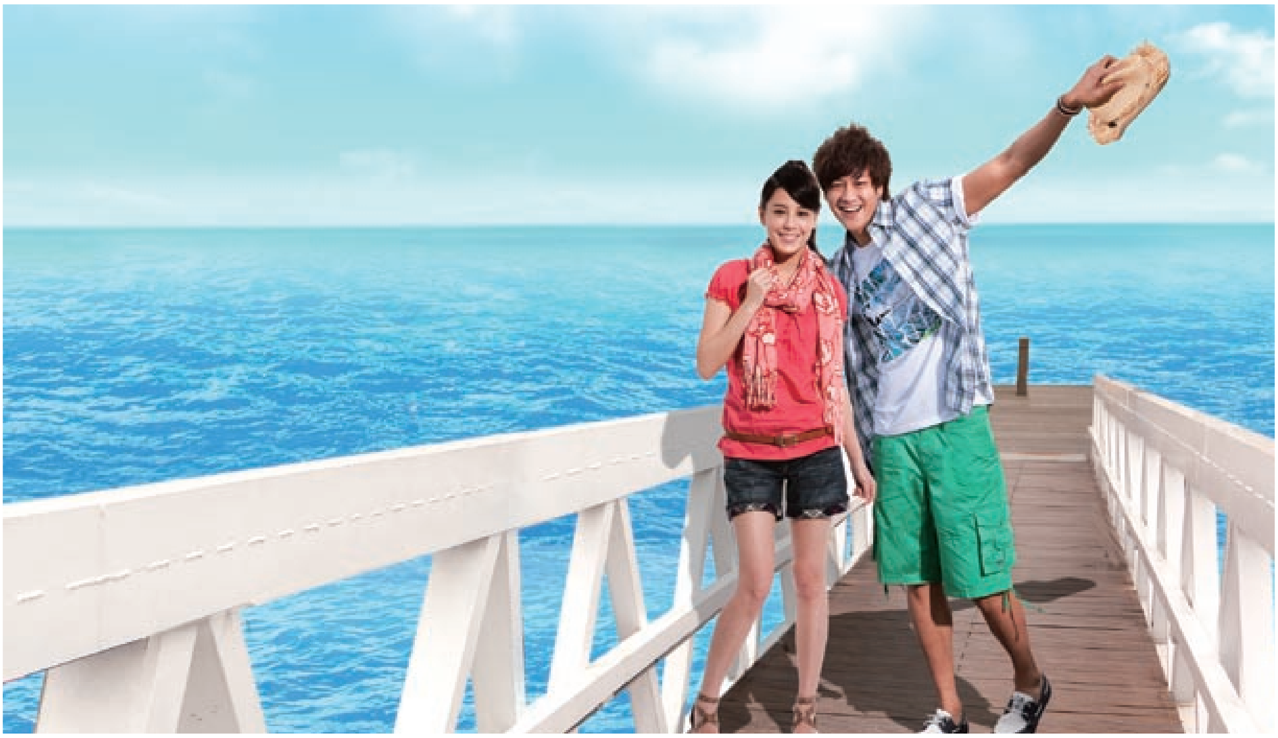


Dear Shareholders,

On behalf of the board of directors, I am pleased to present the annual report and results of the Group for the year ended 31 March 2011.

Operating Results

The Group operates an extensive retail network in Asia with about 790 retail stores under the brands *Hang Ten, H&T* and *Arnold Palmer*. Our retail network covers Taiwan, South Korea, China, Singapore, Malaysia, Hong Kong and Macau. We also distribute our products through our distributors in various countries. In addition, the Group grants licences internationally to licensees for the right to design, manufacture and sell products bearing the trademarks owned by the Group in designated territories.

During the year, the Group had taken measures to enhance its product design and fine tune its product mix and pricing structure and as a result achieved significant improvement in its operation. The Group's turnover for the year ended 31 March 2011 increased by 14.9% to HK$2,363,515,000 and profit attributable to shareholders for the year grew by 67.2% to HK$239,133,000. Earnings per share increased from HK14.56 cents of the previous year to HK24.35 cents for the current year.

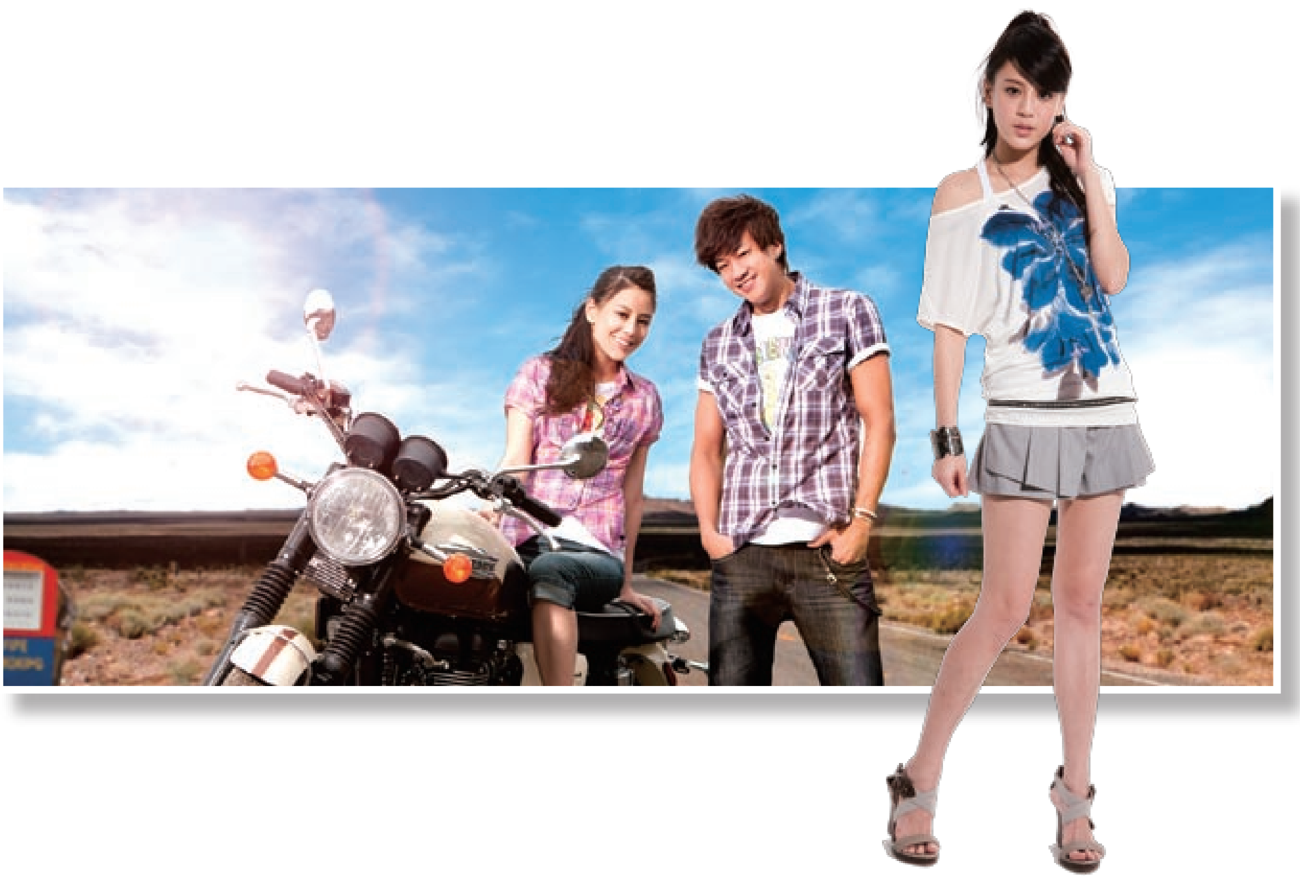
Dividend

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. Interim dividend of HK2 cents per ordinary share was declared and distributed to the shareholders in December 2010. The board of directors proposed a final dividend of HK8 cents per ordinary share for the year ended 31 March 2011. The proposed final dividend is subject to the approval by the shareholders in the forthcoming annual general meeting. Taking into account of the interim dividend and proposed final dividend together, total dividends for the year amount to HK10 cents per ordinary share.

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 Palmer* brand and fine tune our product mix to improve margins.

The Group's performance in its major markets, Taiwan and South Korea has shown satisfactory improvement 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 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 the fashion brand *H&T* in China and the Group plans to open more *H&T* shops to target the expanding 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 performance in other markets including Singapore, Malaysia, Hong Kong and Macau has shown encouraging results. The management believes that the momentum can be fostered by continuing our strategies of improving efficiency, careful selection of store locations to avoid sustaining high rental costs and continuing enhancement of merchandise in these markets.

Appreciation

On behalf of the board of directors, I would like to express our sincere appreciation to our staff for their contribution and last of all, I would like to thank our shareholders, suppliers, bankers and customers for their continuous support to the Group.

Chan Wing Sun
Chairman

22 June 2011

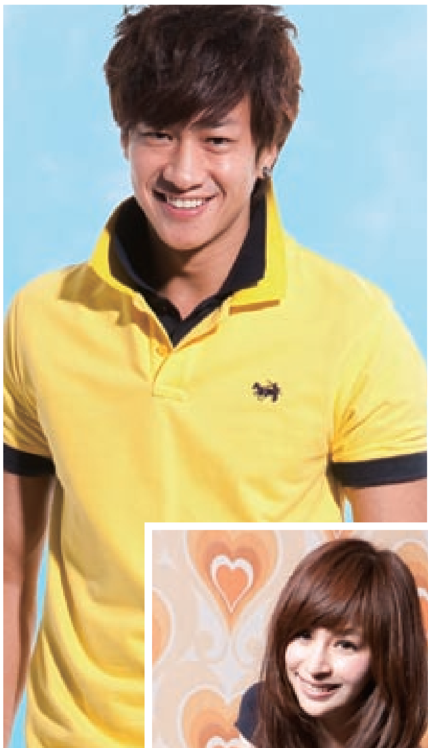
Overview

Business conditions in Asia continued to improve during the year 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 HK$ million	2010 HK$ million	2011 HK$ million	2010 HK$ million	2011 HK$ million	2010 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.

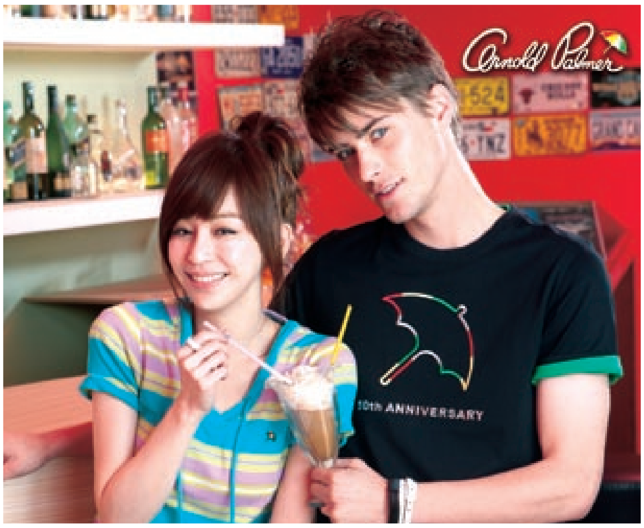
Profit attributable to shareholders amounted to HK$239.1 million, increased by 67.2% comparing to the previous year. Basic earnings per share increased to HK24.35 cents for the current year from HK14.56 cents for the previous year. This represents an increase of HK9.79 cents per share.

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 continued operating losses in past years and the economic environment in the Philippines did not show 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 after the disposal of the Philippines operation.

Taiwan

	Full Year		Second Half		First Half	
	2011 HK$ million	2010 HK$ million	**2011 HK$ million**	2010 HK$ million	**2011 HK$ million**	2010 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 *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 in Taiwan at the end of March 2011.

South Korea

	Full Year		Second Half		First Half	
	2011 HK$ million	2010 HK$ million	**2011 HK$ million**	2010 HK$ million	**2011 HK$ million**	2010 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

South 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 South 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 South 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 in South Korea at the end of March 2011.

Singapore and Malaysia

	Full Year		Second Half		First Half	
	2011 HK$ million	2010 HK$ million	2011 HK$ million	2010 HK$ million	2011 HK$ million	2010 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 HK$ million	2010 HK$ million	2011 HK$ million	2010 HK$ million	2011 HK$ million	2010 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 opened a number of new shops. It had also consolidated its retail network by relocating or closing a number of under-performing shops during the 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.

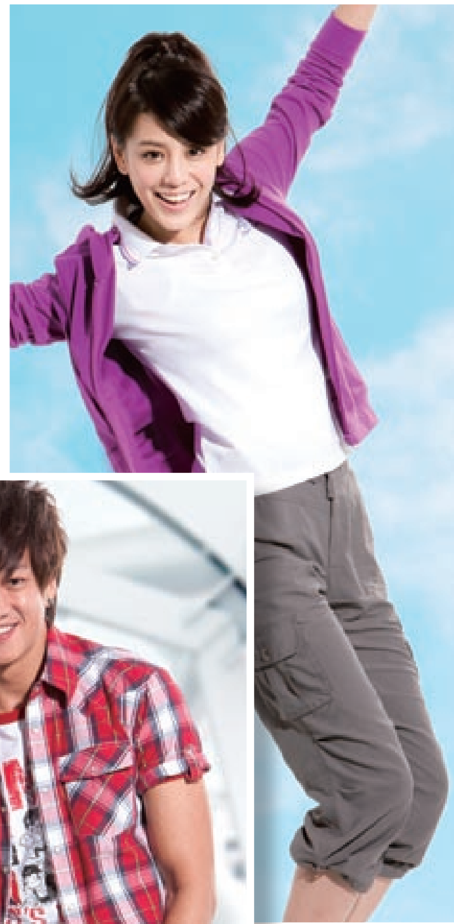
Hong Kong and Macau

	Full Year		Second Half		First Half	
	2011 HK$ million	2010 HK$ million	**2011 HK$ million**	2010 HK$ million	**2011 HK$ million**	2010 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 opened 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

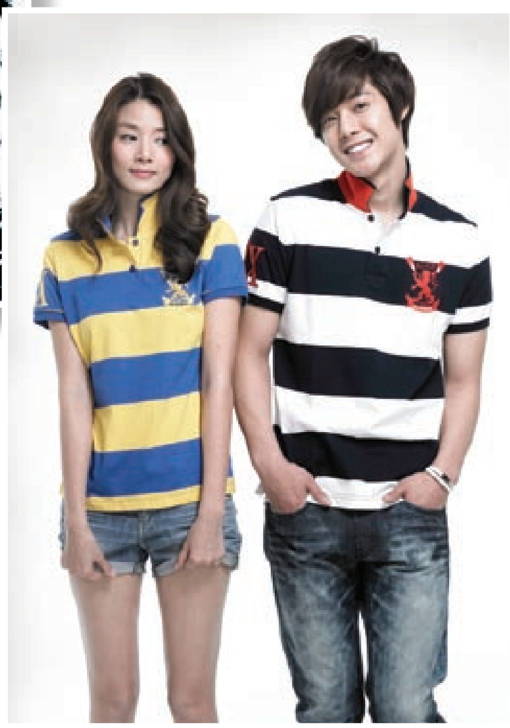
The Group generally financed its operation by internally generated cash flow and banking facilities provided by banks.

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.



Executive Directors

Chan Wing Sun, aged 63, received a Bachelor's degree from the University of Manchester, United Kingdom in 1970 and qualified as a Chartered Accountant in 1973. Mr. Chan is also an Executive Director and Vice Chairman of YGM Trading Limited and a Director of Yangtzekiang Garment Limited, both of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Chan is the Chairman and Chief Executive Officer of the Company and is responsible for the strategic planning and overall policy of the Group. He joined the Group in 1991.

Kao Yu Chu, aged 54, is the Chief Operations Officer of the Group's operation in Taiwan and has overall responsibility in the area of product development, sales, advertising and marketing. She has over 29 years of experience in the apparel retailing industry. She joined the Group in 1993.

Wang Li Wen, aged 58, joined the Group in 1994. She is the Chief Financial Officer of the Group's operation in Taiwan and has overall responsibility in the area of administration, finance, personnel and EDP development. She graduated from Tam Kang University in Taiwan with a bachelor degree in economics and has over 29 years of experience in the apparel retailing industry.

Independent Non-Executive Directors

Cheung Yat Hung Alton, aged 48, graduated from the California College of Arts and Crafts, Berkeley with a bachelor degree in fine arts. Mr. Cheung has over 17 years' experience in trading and distribution business in China. Mr. Cheung currently holds directorships in a number of private companies engaging in automobile distribution in China. He is also an Independent Non-Executive Director of Neptune Group Limited, a company listed on The Stock Exchange of Hong Kong Limited. Mr. Cheung joined the Group in 2004.

Kwong Chi Keung, *JP* (Justice of the Peace), aged 57, is qualified as a solicitor in Hong Kong, England, Australia (Victoria) and Singapore. He joined the Group in 2002. Mr. Kwong is a senior partner of Sit Fung Kwong and Shum. His main areas of practice include intellectual properties, banking, public and private corporate transactions, China projects and complex commercial litigation. Mr. Kwong is a Senior Vice President of the Asian Patent Attorneys Association, a World Intellectual Property Organisation appointed Neutral for Alternative Dispute Resolution and Uniform Domain Name Dispute Resolution Policy Panelist, Fellow of the Chartered Institute of Arbitrations (London) and Hong Kong Institute of Arbitrators, a Chartered Arbitrator, Centre for Effective Dispute Resolution (CEDR) Accredited Mediator, and Notary Public. He is a listed Arbitrator and Adjudicator of the Hong Kong International Arbitration Centre (HKIAC). Mr. Kwong was also a former Deputy Chairman of the Copyright Tribunal of the Hong Kong Special Administrative Region.

So Hon Cheung, Stephen, aged 55, is a Director of the accounting firm T.M. Ho, So & Leung CPA Limited. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the Canadian Institute of Chartered Accountants, a member of the Chartered Institute of Management Accountants and a member of the Society of Certified Management Accountants of Canada. He holds a bachelor degree in commerce from the University of British Columbia, Canada and is a visiting professor of various universities and colleges in Beijing, Liaoning, Sichuan, Xinjiang, Qinghai and Guangdong in China. He has over 16 years, experience in manufacturing, wholesale and trading in the commercial sector and over 18 years' experience of private accounting practice in various companies in Hong Kong and Canada. Mr. So is an Independent Non-Executive Director of Pine Technology Holdings Limited, Skyworth Digital Holdings Limited and Milan Station Holdings Limited, all of which are listed on The Stock Exchange of Hong Kong Limited. He was the past Finance Director of Jetion Holdings Limited, a company listed on the AIM of the London Stock Exchange. Mr. So joined the Group in 2002.

Senior Management

Kung, Ging Kong Dennis, aged 69, is the general manager of the Taiwan operation of the Group. He joined the Group in 1993. Mr. Kung has extensive experience in the garment industry. Mr. Kung is the father of Mr. Kenneth Hung.

Kenneth Hung, aged 44, is a Director of Hang Ten International Holdings Limited, a direct wholly owned subsidiary of the Company and is responsible for the Group's general operations. Mr. Hung graduated from the University of Minnesota in United States and has over 18 years experience in the apparel retailing industry. He joined the Group in 1992. Mr. Hung is the son of Mr. Kung Ging Kong Dennis.

Shivkumar Ramanathan, aged 43, is the general manager of the Group's Korea operation. Prior to this he served as the president of the Group's overseas retailing and franchising operations. He graduated from the University of Bombay with a bachelor degree in Commerce and is also qualified as a Chartered Financial Analyst. Before joining the Group in 1997, he worked as a financial controller for two well-known companies in Hong Kong for more than 5 years.

Lee Kin Keung Lawrence, aged 50, is the company secretary of the Company and Chief Financial Officer of the Group. He joined the Group in April 2003. Mr. Lee is a member of the Hong Kong Institute of Certified Public Accountants and is also a member of CPA Australia. He obtained a Master of Commerce degree and a bachelor of Commerce degree from the University of New South Wales, Australia. He also holds a Master of Applied Finance degree from the Macquarie University, Australia. Mr. Lee has over 23 years of experience in accounting, auditing and corporate finance.

The board of directors (the "Board") is committed to uphold a high corporate governance standard with a formal and transparent procedure to protect the interests of the Company.

The Group's corporate governance practices comply with all the code provisions of the Code of Corporate Governance Practices ("Code") set out in Appendix 14 of the Rules Governing the Listing of Securities in The Stock Exchange of Hong Kong Limited ("Listing Rules") with the exception of Code A2.1 of the Code which requires that the roles of chairman and chief executive officer should be separate.

Board of Directors

The Board recognises its responsibility to act in the best interest of the Company and its shareholders. The Board comprises three executive directors and three independent non-executive directors.

Executive Directors:

Mr. Chan Wing Sun *(Chairman and Chief Executive Officer)*
Ms. Kao Yu Chu
Ms. Wang Li Wen

Independent Non-Executive Directors:

Mr. Cheung Yat Hung Alton
Mr. Kwong Chi Keung
Mr. So Hon Cheung Stephen

The Board sets the Group's objectives and strategic directions and oversees its operating financial performance. It also decides on matters including annual and interim results, audited financial statements, directors' appointment and re-appointment, major acquisitions and disposals, material contracts, risk management, major financings and borrowings and dividend policies. In addition, the Board also discusses major operational and financial issues. Decisions and conduct of matters other than those specifically reserved by the Board are delegated to management.

Regular meetings of the Board are held. Agenda of Board meetings and Board papers are circulated to all directors before each Board meeting to ensure timely access to relevant information. Board minutes are circulated to all directors for review and comment within a reasonable time after the meetings to ensure accurate records of Board discussion and decisions are maintained. The Company held four Board meetings during the year and attendance of the Board meetings are as follows:

Directors	Number of meetings held	Number of meetings attended
Mr. Chan Wing Sun	4	4
Ms. Kao Yu Chu	4	4
Ms. Wang Li Wen	4	4
Mr. Cheung Yat Hung Alton*	4	4
Mr. Kwong Chi Keung*	4	4
Mr. So Hon Cheung Stephen*	4	4

* Independent non-executive directors

The Board has received from each of the independent non-executive directors a confirmation of his independence from the Company in accordance with the guidelines on director independence set out in the Listing Rules. The Company considers that all independent non-executive directors of the Company are independent.

Chairman and Chief Executive Officer

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.

The Chairman and Chief Executive Director, Mr. Chan Wing Sun, is responsible for ensuring that the Board functions effectively and smoothly. He is also responsible for overseeing the strategic planning and overall policy of the Group.

Term of Appointment of Independent Non-Executive Directors

All the independent non-executive directors have been appointed for a specific term of one year. All the directors including the independent non-executive directors are subject to retirement from office by rotation in accordance with the bye-laws of the Company.

Appointment and Succession Planning of Directors

The procedures and process of appointment, re-election and removal of directors are set out in the bye-laws of the Company. According to the bye-laws, at least one-third of the directors including the Chairman and Managing Director, are subject to retirement by rotation and re-election at the annual general meetings of the Company. All directors are subject to retirement by rotation and re-election at annual general meetings at least once every three years. All directors appointed by the Board during the year to fill casual vacancies are required to retire and subject themselves for re-election at the first general meeting after their appointment.

Nomination of Directors

The Company has not established a nomination committee and the Board is involved in the appointment of directors.

The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment of directors and assessment of independence of independent non-executive directors.

The Board is responsible for considering the suitability of a candidate to act as a director and approving the termination or recommending the appointment of a director.

No nomination of new director was considered by the board of directors during the year.

Board Committees

The Board has established the Audit Committee and the Remuneration Committee with mandate to oversee particular aspects of the Company's affairs. Each of these two Board committees is set up with written terms of reference. The Board committees are provided with sufficient resources to discharge their duties and are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

Remuneration Committee

The Remuneration Committee comprises three independent non-executive directors, namely Mr. Kwong Chi Keung (Chairman of the Remuneration Committee), Mr. Cheung Yat Hung Alton and Mr. So Hon Cheung Stephen and one executive director namely Mr. Chan Wing Sun.

The principal responsibilities of the Remuneration Committee include reviewing and making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management.

During the year, meetings of the Remuneration Committee were held to review and discuss the policy for remuneration of directors and senior management. The attendance records of each Remuneration Committee members are as follows:

Members	Number of meetings held	Number of meetings attended
Mr. Chan Wing Sun	2	2
Mr. Cheung Yat Hung Alton	2	2
Mr. Kwong Chi Keung	2	2
Mr. So Hon Cheung Stephen	2	2

Audit Committee

The Company has established an Audit Committee with written terms of reference. The Audit Committee comprises three independent non-executive directors namely Mr. So Hon Cheung Stephen (the Chairman of the Audit Committee), Mr. Kwong Chi Keung and Mr. Cheung Yat Hung Alton.

The main duties of the Audit Committee include review of the Group's financial information and oversight the Group's financial reporting process and internal control procedures. It is responsible for reviewing interim and final results of the Group prior to recommending them to the Board for approval. It also meets regularly with the external auditors to discuss their audit work and view. The Audit Committee also reviews the relationship with the external auditors.

The number of meetings of the Audit Committee held and attended by each of the Audit Committee members during the year are as follows:

Members	Number of meetings held	Number of meetings attended
Mr. Cheung Yat Hung Alton	2	2
Mr. Kwong Chi Keung	2	2
Mr. So Hon Cheung Stephen	2	2

During the year, the Audit Committee held meetings to review the annual results for the year ended 31 March 2010 and interim results for the six months ended 30 September 2010 and internal control process of the Group. It also reviewed the external auditors' report on the audit of the Group's financial statements.

During the year, the Board has not taken any view that is different from that of the Audit Committee nor rejected any recommendation presented by the Audit Committee.

Directors' and Auditor's Responsibilities in Respect of the Financial Statements

The directors are responsible for overseeing the preparation of financial statements of the Group and ensure that the financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards.

The statement of external auditors of the Company about their responsibilities on the financial statements is set out in the "Independent Auditor's Report" on page 26.

Auditors' Remuneration

During the year, the remuneration payable or paid to the Group's auditors KPMG amounted to HK$2,495,000 of which an amount of HK$2,364,000 was in relation to statutory audit work of the Group and an amount of HK$131,000 was for non-audit services rendered.

Directors' Securities Transactions

The Group has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealing as set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all the directors, the directors have complied with such code of conduct throughout the year ended 31 March 2011.

Internal Control

The Board has overall responsibility for the Group's internal control system. The internal control system of the Group includes a defined management structure with appropriate segregation of functions and duties. It includes procedures to safeguard assets against unauthorised use or disposition and maintenance of proper accounting records for the provision of reliable financial information. The internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. During the year, a review of the Group's internal control system has been conducted to ensure the effectiveness and adequacy of the internal control system.

The Group has established an appropriate organisation structure with defined operating policies and procedures, responsibility and line of authority. Senior management is delegated with respective levels of authorities to carry out the corporate strategies of the Group as well as to exercise effective control and review of business performance.

Operation budgets are prepared by the operational units and reviewed by the senior management before implementation. Relevant procedures are adopted to assess, review and approve major capital and recurring expenditures and for comparison and review of actual operating results and budget.

Communication with Shareholders

The Board endeavours to maintain an on-going dialogue with the Company's shareholders. All directors are encouraged to attend the general meetings to have personal communication with the shareholders. In annual general meeting, the Chairman of the Board is required to attend and answer questions from the shareholders in respect of the matters the Board is responsible and accountable for.

The directors present their report and the audited financial statements of Hang Ten Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2011.

Principal Activities

The Company acts as an investment holding company.

The principal activities of its subsidiaries are the design, marketing, retail and wholesale of apparels and trademark licensing. Details of the principal activities of the Group's principal subsidiaries are set out in note 33 to the financial statements.

Results and Appropriations

The results of the Group for the year ended 31 March 2011 are set out in the consolidated income statement on page 28.

An interim dividend of HK cent 2 per share (2010: HK$nil) was paid on 23 December 2010 amounting to a total of HK$19,645,000 (2010: HK$nil). The directors recommend the payment to the ordinary shareholders whose names appear on the register of members of the Company on 9 September 2011 of a final dividend at HK cent 8 per share (2010: HK cent 5.5 per share), amounting to a total of approximately HK$78,580,000 (2010: HK$54,024,000).

Share Capital

Details of the share capital of the Company are set out in note 28(c) to the financial statements. There were no movements during the year.

Reserves

Profit for the year, before dividends, of HK$239,063,000 (2010: HK$141,157,000) has been transferred to reserves. Other movements in the reserves of the Group are set out in the consolidated statement of changes in equity.

Summary Financial Information

A summary of the results and of the assets and liabilities of the Group for the past five years is set out on pages 107-108.

Fixed Assets

Details of movements in fixed assets of the Group are set out in note 11 to the financial statements.

Directors and Service Contracts

The directors of the Company during the financial year and up to the date of this report were:

Executive directors:

Mr. Chan Wing Sun *(Chairman and Chief Executive Officer)*
Ms. Kao Yu Chu
Ms. Wang Li Wen

Independent non-executive directors:

Mr. Cheung Yat Hung Alton
Mr. Kwong Chi Keung
Mr. So Hon Cheung Stephen

In accordance with Clause 87 of the Company's bye-laws, Ms. Kao Yu Chu and Mr. So Hon Cheung Stephen shall retire, and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' Interest in Securities

As at 31 March 2011, the interests of the directors and their associates, as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("Listing Rules"), in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

Name of director	Nature of interests	Number of ordinary shares held	As approximate percentage of total issued ordinary shares
Mr. Chan Wing Sun	Personal	550,000	0.06%
Ms. Kao Yu Chu	Personal	9,000,000	0.92%
Ms. Wang Li Wen	Personal	9,000,000	0.92%

Other than disclosed above, none of the directors and chief executive of the Company and their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 March 2011.

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or to their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Directors' Interests in Competing Business

The directors have confirmed to the Company that they are not interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly with the Group's business.

Directors' Interests in Contracts

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly and indirectly, subsisted at the end of the year or at any time during the year.

Share Option Scheme

Pursuant to a resolution of the Company passed on 24 October 2002, the Company adopted a share option scheme ("the Share Option Scheme") whereby the directors of the Company may, at their discretion, grant options to all employees, including directors of the Company or any of its subsidiaries, to subscribe for ordinary shares of the Company. A nominal consideration of HK$1 is payable on acceptance of the grant of an option and will entitle the holder to subscribe for ordinary shares during a period to be determined and notified by the directors of the Company, in any event not later than 10 years from the date of the grant of the option, as may be determined by the directors of the Company at a price not less than the higher of:

(i) the nominal value of the ordinary shares;

(ii) the closing price of the ordinary shares as stated in the daily quotation sheet of the Stock Exchange on the date of the offer of grant; and

(iii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer of grant.

The maximum number of ordinary shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 10% of the issued ordinary share capital of the Company from time to time. In respect of the maximum entitlement of each participant under the Share Option Scheme, the number of securities issued and to be issued upon exercise of the options granted to each participant in any 12-month period is limited to 1% of the Company's ordinary shares in issue. Any ordinary shares allotted and issued on the exercise of options will rank pari passu with the other ordinary shares in issue at the date of exercise of the relevant option. Each option gives the holder the right to subscribe for one ordinary share in the Company.

No option was granted during the year and there was no share option outstanding at 31 March 2011.

Substantial Shareholders and Other Person's Interests in the Company's Securities

As at 31 March 2011, the register of the substantial shareholders and other persons maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholders had notified the Company of relevant interests and short positions in the issued ordinary shares of the Company:

Names	Capacity	Number of ordinary shares	As approximate percentage of total issued ordinary shares
Asian Wide Services Limited	Beneficial owner	369,886,000	37.66%
YGM Trading Limited	Beneficial owner	201,200,000	20.48%
Value Partners Limited (Note)	Investment manager	57,782,000	5.88%

Note: Value Partners Limited is wholly owned by Value Partners Group Limited, which in turn is 28.69% owned by Cheah Capital Management Limited which in turn is wholly owned by Cheah Company Limited. Cheah Company Limited is wholly owned by Hang Seng Bank Trustee International Limited, as trustee for a discretionary trust of which Cheah Cheng Hye is the founder. Cheah Cheng Hye and his spouse To Hau Yin, Hang Seng Bank Trustee International Limited, Cheah Company Limited, Cheah Capital Management Limited and Value Partners Group Limited are deemed to have interests in the 57,782,000 shares.

Other than disclosed above, the Company has not been notified of any relevant interests or short positions in the issued ordinary shares of the Company as at 31 March 2011.

Convertible Securities, Warrants and Similar Rights

The Company had no outstanding convertible securities, warrants and similar rights as at 31 March 2011 and there has been no exercise of any convertible securities, warrants or similar rights during the year.

Purchase, Sale or Redemption of the Company's Listed Securities

There had been no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed shares during the year.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Major Customers and Suppliers

The business of the Group is retail in nature and the sales to the 5 largest customers amounted to less than 30% of the Group's turnover for the year ended 31 March 2011. Accordingly, details of the largest customer and the five largest customers are not disclosed. During the year, the Group's largest and top five suppliers accounted for approximately 11.4% and 31.5% of the Group's purchases respectively.

None of the directors, their associates or shareholders which to the knowledge of the directors own more than 5% of the Company's issued share capital has any interest in any of the Group's five largest suppliers.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Group as at 31 March 2011 are set out in note 20, note 25 and note 26 to the financial statements.

Retirement Scheme

The Group operates a defined benefit retirement scheme which covers about 22% of the Group's employees and defined contribution retirement schemes. Particulars of the retirement scheme are set out in note 22 to the financial statements.

Corporate Governance

The Company has complied with the Code of Corporate Governance Practices as contained in Appendix 14 of 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. A report on the principal corporate governance practices adopted by the Company is set out on pages 15 to 19.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

The Company has received, from each of the Independent Non-Executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-Executive Directors are independent.

Emolument Policy

The emolument policy for employees of the Group is set by the board of directors on the basis of their merit, qualifications and competence.

The Company has a Remuneration Committee with written terms of reference to review the emolument policy of the Group.

The emoluments of the directors of the Company are decided by the Remuneration Committee of the Company, having regard to the Company's operating results, individual performance, time commitment, responsibility and comparable market statistics.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31 March 2011.

Auditors

A resolution will be submitted to the annual general meeting to re-appoint Messrs. KPMG as auditors of the Company.

On behalf of the Board

Chan Wing Sun
Chairman

Hong Kong
22 June 2011

Independent auditor's report to the shareholders of
Hang Ten Group Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Hang Ten Group Holdings Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 28 to 106, which comprise the consolidated and company statements of financial position as at 31 March 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
22 June 2011

Consolidated Income Statement

For the year ended 31 March 2011 *(Expressed in Hong Kong dollars)*

	Note	2011 $'000	2010 $'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	4	**32,319**	36,731
Other net income	4	**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	5(a)	**(8,391)**	(8,926)
Profit before taxation	5	**283,701**	181,747
Income tax	6(a)	**(44,638)**	(40,590)
Profit for the year		**239,063**	141,157
Attributable to:			
Equity shareholders of the Company	9	**239,133**	142,995
Non-controlling interests		**(70)**	(1,838)
Profit for the year		**239,063**	141,157
Earnings per share	10		
Basic and diluted		**24.35 cents**	14.56 cents

The notes on pages 35 to 106 form part of these financial statements. Details of dividends payable to equity shareholders of the company attributable to the profit for the year are set out in note 28(b).

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011 *(Expressed in Hong Kong dollars)*

	2011 $'000	2010 $'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
Attributable 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

The notes on pages 35 to 106 form part of these financial statements. There was no tax effect relating to the components of other comprehensive income.

Consolidated Statement of Financial Position

At 31 March 2011 *(Expressed in Hong Kong dollars)*

	Note	2011 $'000	2010 $'000
Non-current assets			
Fixed assets	11		
– Investment properties		**54,138**	50,873
– Other property, plant and equipment		**87,810**	125,421
		141,948	176,294
Goodwill	12	**71,940**	74,038
Intangible assets	14	**114,867**	115,309
Other receivables	17	**39,302**	44,140
Deferred tax assets	24(b)	**25,328**	23,536
		393,385	433,317
Current assets			
Investments	15	**105,957**	84,475
Inventories	16	**307,804**	245,360
Trade and other receivables	17	**219,226**	216,638
Amounts due from related companies	23	**147**	248
Cash and cash equivalents	19	**382,911**	275,116
		1,016,045	821,837
Current liabilities			
Bank loans	20	**17,154**	17,123
Loans from shareholders	25	**127,182**	–
Trade and other payables	21	**209,734**	255,845
Amounts due to shareholders	23	**12,757**	8,631
Current taxation	24(a)	**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	2011 $'000	2010 $'000
Non-current liabilities			
Loans from shareholders	25	–	127,182
Loan from a non-controlling shareholder	26	–	3,048
Deferred income	27	18,302	27,453
Employee benefits	22(a)	5,087	3,614
		23,389	161,297
NET ASSETS		959,152	762,316
CAPITAL AND RESERVES			
Share capital	28(c)	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

Approved and authorised for issue by the Board of Directors on 22 June 2011

Chan Wing Sun)
)
) Directors
)
Wang Li Wen)

The notes on pages 35 to 106 form part of these financial statements.

Statement of Financial Position

At 31 March 2011 *(Expressed in Hong Kong dollars)*

	Note	2011 $'000	2010 $'000
Non-current assets			
Investments in subsidiaries	13	**236,644**	236,644
Current assets			
Trade and other receivables	17	**129**	132
Amount due from subsidiary	18	**124,080**	58,163
Cash and cash equivalents	19	**119**	101
		124,328	58,396
Current liabilities			
Trade and other payables	21	**1,241**	1,233
Amount due to subsidiary	18	**30,074**	10,694
		31,315	11,927
Net current assets		**93,013**	46,469
NET ASSETS		**329,657**	283,113
CAPITAL AND RESERVES	28(a)		
Share capital		**98,225**	98,225
Reserves		**231,432**	184,888
TOTAL EQUITY		**329,657**	283,113

Approved and authorised for issue by the Board of Directors on 22 June 2011

Chan Wing Sun)
)
) Directors
)
Wang Li Wen)

The notes on pages 35 to 106 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011 *(Expressed in Hong Kong dollars)*

	Attributable to equity shareholders of the Company								
	Share capital (note 28(c)) $'000	Share premium (note 28(d)(i)) $'000	Contributed surplus (note 28(d)(ii)) $'000	Exchange reserve (note 28(d)(iii)) $'000	Legal reserve (note 28(d)(iv)) $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2009	98,225	11,920	44,538	(72,849)	8,269	502,807	592,910	4,296	597,206
Changes in equity:									
Profit for the year	–	–	–	–	–	142,995	142,995	(1,838)	141,157
Other comprehensive income	–	–	–	63,080	–	–	63,080	163	63,243
Total comprehensive income	–	–	–	63,080	–	142,995	206,075	(1,675)	204,400
Dividends approved in respect of the previous year (note 28(b)(ii))	–	–	–	–	–	(39,290)	(39,290)	–	(39,290)
Transfer to legal reserve	–	–	–	–	946	(946)	–	–	–
Balance at 31 March 2010	98,225	11,920	44,538	(9,769)	9,215	605,566	759,695	2,621	762,316
Balance at 1 April 2010	98,225	11,920	44,538	(9,769)	9,215	605,566	759,695	2,621	762,316
Changes in equity:									
Profit for the year	–	–	–	–	–	239,133	239,133	(70)	239,063
Other comprehensive income	–	–	–	33,993	–	–	33,993	(2,551)	31,442
Total comprehensive income	–	–	–	33,993	–	239,133	273,126	(2,621)	270,505
Dividends approved in respect of the previous year (note 28(b)(ii))	–	–	–	–	–	(54,024)	(54,024)	–	(54,024)
Dividends declared in respect of the current year (note 28(b)(i))	–	–	–	–	–	(19,645)	(19,645)	–	(19,645)
Transfer to legal reserve	–	–	–	–	1,382	(1,382)	–	–	–
Balance at 31 March 2011	**98,225**	**11,920**	**44,538**	**24,224**	**10,597**	**769,648**	**959,152**	**–**	**959,152**

The notes on pages 35 to 106 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2011 *(Expressed in Hong Kong dollars)*

	Note	2011 $'000	2010 $'000
Operating activities			
Cash generated from operations	19(b)	210,091	226,847
Overseas tax paid		(36,488)	(20,799)
Net cash generated from operating activities		173,603	206,048
Investing activities			
Payment for the purchase of property, plant and equipment		(32,153)	(27,675)
Proceeds from disposal of property, plant and equipment		39,667	10,970
Proceeds from disposal of intangible assets		–	22,633
Payment for the purchase of listed funds		(75,611)	(93,890)
Proceeds from disposal of listed funds		61,831	74,712
Proceeds from disposals of subsidiaries, net of cash disposed of $520,000		3,147	–
Interest received		6,911	5,980
Net cash generated from/(used in) investing activities		3,792	(7,270)
Financing activities			
Interest paid		(8,391)	(8,926)
Proceeds from new bank loans		19,088	12,089
Repayment of bank loans		(19,264)	(30,871)
Dividends paid to equity shareholders of the Company		(73,669)	(39,290)
Net cash used in financing activities		(82,236)	(66,998)
Net increase in cash and cash equivalents		95,159	131,780
Cash and cash equivalents at the beginning of the year		275,116	131,998
Effect of foreign exchange rate changes		12,636	11,338
Cash and cash equivalents at the end of the year	19(a)	382,911	275,116

The notes on pages 35 to 106 form part of these financial statements.

1 Significant accounting policies

(a) Statement of compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2011 comprise the Company and its subsidiaries (together referred to the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the financial instruments classified as financial assets through profit or loss are stated at their fair values as explained in note 1(e).

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 37.

1 Significant accounting policies *(continued)*

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

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

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

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(m) or (n) depending on the nature of the liability.

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

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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

1 Significant accounting policies *(continued)*

(d) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(j)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Investments in equity securities

Investments in equity securities classified as financial assets through profit or loss are classified as current assets and initially stated at fair value, which is their transaction price. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period, the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 1(s)(v) and (vi).

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at cost less accumulated depreciation and impairment losses (see note 1(j)).

1 Significant accounting policies *(continued)*

(f) Investment properties *(continued)*

Depreciation is calculated to write off the cost of investment properties, less their estimated residual value, if any, using straight-line method over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years.

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

Gains or losses arising from the retirement or disposal of an investment property is determined as the difference between the net disposal proceeds and the carrying amount of the investment properties and are recognised in profit or loss on the date of retirement or disposal.

Rental income from investment properties is accounted for as described in note 1(s)(iii).

(g) Other property, plant and equipment

Other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(j)).

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

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

– Freehold land is not depreciated.

– Buildings situated on freehold land are depreciated over their estimated useful lives of 40 to 55 years after the date of completion.

– Leasehold improvements	2 to 5 years
– Motor vehicles	5 years
– Furniture, fixtures and other property, plant and equipment	2 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

1 Significant accounting policies *(continued)*

(h) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(j)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Retail network with finite useful life is amortised from the date it is available for use over its estimated useful life of 6.5 years.

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite useful lives as set out above.

(i) Operating lease charges

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

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

1 Significant accounting policies *(continued)*

(j) Impairment of assets

(i) Impairment of investments in subsidiaries and receivables

Investments in subsidiaries that are stated at cost in the Company's statement of financial position and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in subsidiaries, the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(j)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(j)(ii).

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

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

1 Significant accounting policies *(continued)*

(j) Impairment of assets *(continued)*

(i) Impairment of investments in subsidiaries and receivables (continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and royalty receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and royalty receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

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

– investment properties;

– other property, plant and equipment;

– intangible assets; and

– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

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

1 Significant accounting policies *(continued)*

(j) Impairment of assets *(continued)*

(ii) Impairment of other assets (continued)

– Recognition of impairment losses

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

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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

(iii) Interim financial reporting and impairment

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

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(k) Inventories

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

Cost is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

1 Significant accounting policies *(continued)*

(k) Inventories *(continued)*

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(m) Interest-bearing borrowings (including loans from shareholders)

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Trade and other payables (including loan from a non-controlling shareholder)

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(r)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(p) Employee benefits

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

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

1 Significant accounting policies *(continued)*

(p) Employee benefits *(continued)*

(ii) Defined benefit retirement plan obligations

Prior to 1 July 2005, the Group's Taiwan subsidiaries participated in a central pension scheme ("Old Scheme") providing benefits to all of their employees in accordance with the Labour Standards Law. With effect from 1 July 2005, certain employees of the Taiwan subsidiaries may choose to and have been transferred to a defined contribution scheme ("New Scheme") governed by the Labour Pension Act.

Under the Old Scheme, the Group has an obligation to ensure that there are sufficient funds in the scheme to pay the benefits earned for the service years of all employees covered before transfer to the New Scheme and the subsequent service period of employees that chose to continue to participate in the Old Scheme. The Group currently contributes at 2% of the total salaries of participating employees as determined and approved by the relevant government authorities. The contributions are placed with the Central Trust of China, a government institution.

The Group's net obligation in respect of the Old Scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of the Old Scheme are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. If the benefits vest immediately, the expense is recognised immediately in profit or loss.

In calculating the Group's obligation in respect of the Old Scheme, if any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the pension scheme obligation and the fair value of plan assets, that portion is recognised in profit or loss over the expected average remaining working lives of the employees participating in the Old Scheme. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation of the Group's net obligation results in a negative amount, the asset recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service costs and the present value of any future refunds from the scheme or reductions in future contributions to the scheme.

Under the New Scheme, the Taiwan subsidiaries contribute at 6% of the total salaries of participating employees that chose to participate in the New Scheme, deposited into individual pension accounts at the Bureau of Labour Insurance.

1 Significant accounting policies *(continued)*

(q) Income tax

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

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

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

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

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

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

1 Significant accounting policies *(continued)*

(q) Income tax *(continued)*

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

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

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee ("the holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

1 Significant accounting policies *(continued)*

(r) Financial guarantees issued, provisions and contingent liabilities *(continued)*

(i) Financial guarantees issued (continued)

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

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered to the customers which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Royalty income

Royalty income is recognised in accordance with the substance of the relevant agreements.

1 Significant accounting policies *(continued)*

(s) Revenue recognition *(continued)*

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iv) Management fee income

Management fee income is recognised when the services are rendered.

(v) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method.

(t) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The presentation and functional currency of the Company are Hong Kong dollars and the United States dollars respectively.

(ii) Translation

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

1 Significant accounting policies *(continued)*

(t) Translation of foreign currencies *(continued)*

(ii) Translation (continued)

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 April 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 April 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

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

(u) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(v) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) The party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

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

1 Significant accounting policies *(continued)*

(w) Segment reporting

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

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

2 Changes in accounting policies

The HKICPA has issued two revised 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 material 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 reason:

– 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.

2 Changes in accounting policies *(continued)*

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 April 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 sale 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:

	2011	2010
	$'000	$'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 Other revenue and net income

	2011 $'000	2010 $'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*	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 (note 14)	–	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 (note 12)	(307)	–
Others	5,530	1,789
	21,958	65,844

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

5 Profit before taxation

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

		2011 $'000	2010 $'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)	**Staff costs**		
	Contributions to defined contribution retirement schemes	11,429	10,648
	Expenses recognised in respect of defined benefit retirement schemes (note 22(a)(v))	915	644
	Total retirement costs	12,344	11,292
	Salaries and staff benefits	238,773	210,036
		251,117	221,328
(c)	**Other items**		
	Impairment losses/(reversal of impairment losses):		
	– trade debtors and royalty receivables	2,171	(737)
	– other receivables	–	5,188
	– intangible assets (note 14)	–	2,862
	– goodwill (note 12)	–	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
	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 (note 36(b))	–	60,272
	Auditors' remuneration	2,364	2,216
	Cost of inventories (note 16(b))	1,006,103	900,293

6 Income tax in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	2011 $'000	2010 $'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 in the financial statements 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 rate for subsidiaries domiciled in Taiwan and South Korea is 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 to 17%. The decrease is taken into account in the preparation of the Group's 2011 financial statements and the opening balance of deferred tax assets has been re-estimated accordingly.

6 Income tax in the consolidated income statement *(continued)*

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2011 **$'000**	2010 $'000
Profit before taxation	**283,701**	181,747
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**52,300**	29,275
Tax effect of non-deductible expenses	**1,387**	17,310
Tax effect of non-taxable income	**(5,025)**	(7,058)
Tax effect of utilisation of tax losses and other temporary differences not recognised in prior years	**(6,506)**	(3,032)
Tax effect of tax losses and other temporary differences not recognised	**2,024**	2,939
Effect on deferred tax balances at the beginning of the year resulting from a decrease in tax rate	**543**	1,117
(Over)/under-provision in respect of prior years	**(85)**	39
Actual tax expense	**44,638**	40,590

7 Directors' remuneration

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	2011 Total $'000
Executive directors					
Chan Wing Sun	1,000	–	–	–	1,000
Wang Li Wen	10	1,838	1,275	56	3,179
Kao Yu Chu	10	2,009	1,304	56	3,379
Independent non-executive directors					
So Hon Cheung Stephen	240	–	–	–	240
Kwong Chi Keung	240	–	–	–	240
Cheung Yat Hung Alton	120	–	–	–	120
	1,620	3,847	2,579	112	8,158

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	2010 Total $'000
Executive directors					
Chan Wing Sun	1,000	–	–	–	1,000
Hung Kenneth*	10	7,024	–	23	7,057
Wang Li Wen	10	1,660	742	44	2,456
Kao Yu Chu	10	1,852	769	44	2,675
Independent non-executive directors					
So Hon Cheung Stephen	240	–	–	–	240
Kwong Chi Keung	240	–	–	–	240
Cheung Yat Hung Alton	120	–	–	–	120
	1,630	10,536	1,511	111	13,788

* Mr Kenneth Hung resigned as the chief executive officer and executive director on 26 March 2010.

8 Individuals with highest emoluments

Of the five individuals with the highest emoluments, two (2010: three) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other three (2010: two) individuals are as follows:

	2011 **$'000**	2010 $'000
Salaries and other emoluments	**17,159**	5,802
Retirement scheme contributions	**50**	53
Discretionary bonuses	**3,006**	1,581
	20,215	7,436

The emoluments of the three (2010: two) individuals with the highest emoluments are within the following bands:

	2011 **Number of individuals**	2010 Number of individuals
$2,500,001 – $3,000,000	**–**	1
$4,000,001 – $4,500,000	**1**	–
$4,500,001 – $5,000,000	**–**	1
$6,000,001 – $6,500,000	**1**	–
$9,500,001 – $10,000,000	**1**	–
	3	2

9 Profit attributable to equity shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a loss of $3,867,000 (2010: $3,530,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit for the year:

	2011	2010
	$'000	$'000
Amount of loss for the year dealt with in the Company's financial statements	**(3,867)**	(3,530)
Final dividends from subsidiaries attributable to the profits of the previous financial year, approved and paid during the year	**124,080**	58,167
Company's profit for the year (note 28(a))	**120,213**	54,637

10 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $239,133,000 (2010: $142,995,000) and 982,250,000 (2010: 982,250,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

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.

11 Fixed assets

The Group

	Land and buildings held for own use $'000	Leasehold improvements $'000	Motor vehicles $'000	Furniture, fixtures and other property, plant and equipment $'000	Sub-total $'000	Investment properties $'000	Total $'000
For the year ended 31 March 2011							
Cost:							
At the beginning of the year	83,040	36,284	4,459	69,049	192,832	51,617	244,449
Exchange adjustments	3,280	4,557	465	2,632	10,934	3,715	14,649
Additions	–	10,997	667	20,489	32,153	–	32,153
Disposals							
– through disposal of subsidiaries	–	(15,743)	–	(6,979)	(22,722)	–	(22,722)
– others	(34,455)	(19,325)	(380)	(15,316)	(69,476)	–	(69,476)
At the end of the year	51,865	16,770	5,211	69,875	143,721	55,332	199,053
Accumulated depreciation and impairment loss:							
At the beginning of the year	2,000	15,010	3,459	46,942	67,411	744	68,155
Exchange adjustments	124	3,287	372	2,056	5,839	54	5,893
Charge for the year	1,124	16,301	442	21,311	39,178	396	39,574
Written back on disposals							
– through disposal of subsidiaries	–	(15,355)	–	(6,700)	(22,055)	–	(22,055)
– others	(558)	(19,139)	(380)	(14,385)	(34,462)	–	(34,462)
At the end of the year	2,690	104	3,893	49,224	55,911	1,194	57,105
Net book value:							
At the end of the year	49,175	16,666	1,318	20,651	87,810	54,138	141,948

11 Fixed assets *(continued)*

The Group *(continued)*

	Land and buildings held for own use $'000	Leasehold improvements $'000	Motor vehicles $'000	Furniture, fixtures and other property, plant and equipment $'000	Sub-total $'000	Investment properties $'000	Total $'000
For the year ended 31 March 2010							
Cost:							
At the beginning of the year	73,029	31,540	3,691	59,628	167,888	52,982	220,870
Exchange adjustments	8,949	6,778	512	10,197	26,436	5,203	31,639
Additions	1,062	10,762	256	15,595	27,675	–	27,675
Disposals	–	(12,796)	–	(16,371)	(29,167)	(6,568)	(35,735)
At the end of the year	83,040	36,284	4,459	69,049	192,832	51,617	244,449
Accumulated depreciation and impairment loss:							
At the beginning of the year	713	5,770	2,691	34,719	43,893	248	44,141
Exchange adjustments	178	4,494	419	9,082	14,173	163	14,336
Charge for the year	1,109	17,224	349	14,789	33,471	372	33,843
Written back on disposals	–	(12,478)	–	(11,648)	(24,126)	(39)	(24,165)
At the end of the year	2,000	15,010	3,459	46,942	67,411	744	68,155
Net book value:							
At the end of the year	81,040	21,274	1,000	22,107	125,421	50,873	176,294

11 Fixed assets *(continued)*

The Group *(continued)*

(i) In accordance with the accounting policy set out in note 1(f), the Group's investment properties are stated at cost less accumulated depreciation and impairment losses. Had these properties been carried at fair value, the carrying amount would have been $62,621,000 (2010: $52,838,000).

(ii) All land and buildings and investment properties are located outside Hong Kong. All land is freehold land.

(iii) The Group leases out investment properties under operating leases. The leases typically run for an initial period of one to three years. None of the leases includes contingent rentals.

All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment property.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	The Group	
	2011	2010
	$'000	$'000
Within 1 year	**213**	985
After 1 year but within 5 years	**–**	209
	213	1,194

12 Goodwill

	The Group	
	2011	2010
	$'000	$'000
At the beginning of the year	**74,038**	75,217
Disposals through disposal of subsidiaries	**(2,098)**	–
Impairment loss	**–**	(1,179)
At the end of the year	**71,940**	74,038

12 Goodwill *(continued)*

On 30 September 2010, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 55% equity interest in a subsidiary, Hang Ten Phils., Corp at a cash consideration of PHP21,500,000 (equivalent to HK$3,667,000). A loss on disposal of $3,587,000 (net of goodwill of $2,098,000) was recognised in the income statement during the year ended 31 March 2011.

On 26 January 2011, the Group entered into a sale and purchase agreement with a non-controlling shareholder of a subsidiary to dispose of its entire 100% equity interest in and receivable from a subsidiary, Han Tone Enterprises Limited which is engaged in catering management business, at a cash consideration of US$1 (equivalent to HK$8). A gain on disposal of $3,280,000 was recognised in the income statement during the year ended 31 March 2011. Goodwill which arose from the acquisition of Han Tone Enterprises Limited and its subsidiaries amounting to $1,179,000 was fully impaired during the year ended 31 March 2010.

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to country of operation as follows:

	The Group	
	2011	2010
	$'000	$'000
Taiwan operations	**44,171**	44,171
Korea operations	**15,428**	15,428
	59,599	59,599
Multiple operations without significant goodwill	**12,341**	14,439
	71,940	74,038

The Group completed its annual impairment test for goodwill by comparing its recoverable amount to its carrying amount as at 31 March 2011. The recoverable amount is determined based on value-in-use calculations.

12 Goodwill *(continued)*

Impairment tests for cash-generating units containing goodwill *(continued)*

The Group appointed an independent professional valuer to conduct a valuation of the goodwill using cashflow projections covering a five-year period, based on the following principal financial estimates:

	2011	2010
Discount rate of cashflow	17.38%	16.87%

	2011	2010
Annual growth rate	14% to 17%	10% to 12%

During the year ended 31 March 2010, a full impairment loss of $1,179,000 was recognised for the goodwill arising from the acquisition of the catering management business (included under multiple operations) as management considered the carrying amount of this goodwill was no longer recoverable due to unfavourable economic conditions. The catering management business was disposed of during the year ended 31 March 2011.

13 Investments in subsidiaries

	The Company	
	2011	2010
	$'000	$'000
Unlisted shares or capital contribution, at cost	236,644	236,644

The particulars of principal subsidiaries are set out in note 33.

14 Intangible assets

The Group

	Retail network $'000	Trademarks $'000	Total $'000
For the year ended 31 March 2011			
Cost:			
At the beginning and the end of the year	2,947	113,479	116,426
Accumulated amortisation:			
At the beginning of the year	1,117	–	1,117
Charge for the year	442	–	442
At the end of the year	1,559	–	1,559
Net book value:			
At the end of the year	1,388	113,479	114,867

14 Intangible assets *(continued)*

The Group *(continued)*

	Retail network $'000	Trademarks $'000	Total $'000
For the year ended 31 March 2010			
Cost:			
At the beginning of the year	2,947	137,155	140,102
Disposals	–	(20,814)	(20,814)
Impairment loss	–	(2,862)	(2,862)
At the end of the year	2,947	113,479	116,426
Accumulated amortisation:			
At the beginning of the year	659	–	659
Charge for the year	458	–	458
At the end of the year	1,117	–	1,117
Net book value:			
At the end of the year	1,830	113,479	115,309

The amortisation charge of retail network for the year is included in "other operating expenses" in the consolidated income statement.

During the year ended 31 March 2010, full impairment loss on trademarks relating to the catering management business amounting to $2,862,000 was recognised as the management considered the carrying amount of the trademarks was no longer recoverable due to unfavourable economic conditions. The trademark was disposed of through disposal of subsidiaries which carry out catering management business during the year ended 31 March 2011 (see note 12).

14 Intangible assets *(continued)*

The Group reassessed the useful life of other trademarks as at 31 March 2011 and reached a conclusion that the acquired trademarks of "Hang Ten" continued to be regarded as having an indefinite useful life. The assessment is based on the future financial performance of the Group being a well known and long established fashion brand, which generates net cash inflows indefinitely. This view is supported by an independent professional appraiser appointed by the Group to assess the useful life of trademarks in accordance with the requirements of HKAS 38. Having considered the factors specific to the Group, the appraiser opined that the "Hang Ten" trademarks should be regarded as intangible assets with an indefinite useful life.

The Group completed its annual impairment test for the trademarks of "Hang Ten" by comparing its recoverable amount to its carrying amount and concluded that there is no impairment as at 31 March 2011. The impairment test is based on a valuation conducted by the above independent professional appraiser using cashflow projections covering a five-year period with the following principal financial estimates:

	2011	2010
Expected royalty rates from trademarks	**0.1% to 2.3%**	0.1% to 2.3%
Discount rate of cashflow	**17.38%**	16.87%

During the year ended 31 March 2010, the Group sold the interest in trademarks of "Hang Ten" in the territories of the United States and Canada with carrying value of $20,814,000 to a third party for a consideration of $80,652,000 (including a commission of $12,098,000 paid to a third party), resulting in a gain on disposal of $47,740,000 being recognised in the consolidated income statement.

15 Investments

	The Group	
	2011	2010
	$'000	$'000
Listed funds in Taiwan stated at fair value	**105,957**	84,475

16 Inventories

(a) Inventories in the statement of financial position comprise:

	The Group	
	2011	2010
	$'000	$'000
Finished goods	**307,579**	245,275
Goods in transit	**225**	85
	307,804	245,360

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

	The Group	
	2011	2010
	$'000	$'000
Carrying amount of inventories sold	**1,002,358**	897,967
Write down of inventories	**3,776**	6,321
Reversal of write-down of inventories	**(31)**	(3,995)
	1,006,103	900,293

The reversal of write-down of inventories made in prior years arose as a result of an increase in the estimated net realisable value of certain apparel.

17 Trade and other receivables

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Trade debtors	**105,622**	107,034	**–**	–
Royalty receivables	**7,003**	4,133	**–**	–
Less: allowance for doubtful debts (note 17(a))	**(3,373)**	(1,202)	**–**	–
	109,252	109,965	**–**	–
Rental deposits	**80,047**	81,668	**–**	–
Prepayments and other receivables	**69,229**	69,145	**129**	132
	258,528	260,778	**129**	132
Less: Non-current portion – other receivables	**(39,302)**	(44,140)	**–**	–
	219,226	216,638	**129**	132

Prepayments and other receivables as at 31 March 2011 included a promissory note receivable amounting to $47,146,000 (2010: $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 (see note 14). 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, $39,302,000 (2010: $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.

17 Trade and other receivables *(continued)*

(a) Impairment of trade debtors and royalty receivables

Impairment losses in respect of trade debtors and royalty receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and royalty receivables directly (see note 1(j)(i)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	The Group	
	2011	2010
	$'000	$'000
At the beginning of the year	**1,202**	3,373
Impairment loss recognised/(reversed)	**2,171**	(737)
Uncollectible amounts written off	**–**	(1,434)
At the end of the year	**3,373**	1,202

At 31 March 2011, the Group's trade debtors and royalty receivables of $3,373,000 (2010: $1,202,000) were individually determined to be impaired. The individually impaired receivables related to a number of customers and management assessed that the receivables are not recoverable. Consequently, specific allowances for doubtful debts were recognised. The Group occasionally requests cash deposits as collateral from customers.

17 Trade and other receivables *(continued)*

(b) Trade debtors and royalty receivables that are not impaired

Trade debtors and royalty receivables are generally due within 30 to 60 days from the date of billing. Further details on the Group's credit policy are set out in note 29(a).

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

	The Group	
	2011	2010
	$'000	$'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

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

18 Amount due from/to subsidiary

The amount due from/to subsidiary is unsecured, interest-free and recoverable/repayable on demand.

19 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**382,911**	275,116	**119**	101

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	**2011** **$'000**	2010 $'000
Profit before taxation		**283,701**	181,747
Adjustments for:			
Interest income	4	**(6,911)**	(5,980)
Net (gain)/loss on disposal of property, plant and equipment	4	**(4,653)**	600
Net gain on disposal of intangible assets	4	**–**	(47,740)
Net realised and unrealised gains on listed funds	4	**(155)**	(791)
Net loss on disposals of subsidiaries	4	**307**	–
Finance costs	5(a)	**8,391**	8,926
Amortisation of intangible assets	5(c)	**442**	458
Depreciation	5(c)	**39,574**	33,843
Impairment of intangible assets	5(c)	**–**	2,862
Impairment of goodwill	5(c)	**–**	1,179
Foreign exchange loss		**3,338**	33,803
Changes in working capital:			
(Increase)/decrease in inventories		**(67,167)**	9,151
Increase in trade and other receivables		**(4,396)**	(21,525)
Decrease in amounts due from related companies		**101**	171
(Decrease)/increase in trade and other payables		**(38,929)**	34,951
Increase in amounts due to shareholders		**4,126**	3,528
Decrease in non-current deferred income		**(9,151)**	(9,151)
Increase in employee benefits		**1,473**	815
Cash generated from operations		**210,091**	226,847

20 Bank loans

At 31 March 2011, the bank loans were secured as follows:

	The Group	
	2011	2010
	$'000	$'000
Bank loans		
– secured	**–**	13,711
– unsecured	**17,154**	3,412
	17,154	17,123

At 31 March 2011 and 2010, the bank loans were repayable within one year or on demand.

The bank loan of $13,711,000 as at 31 March 2010 was secured by mortgage over certain land and buildings and an investment property and it had been fully repaid during the year ended 31 March 2011 (see note 32).

21 Trade and other payables

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Trade creditors	**81,365**	71,281	**–**	–
Bills payable	**1,613**	1,791	**–**	–
	82,978	73,072	**–**	–
Interest on loans from shareholders (note 25)	**7,639**	7,639	**–**	–
Accrued charges	**53,005**	111,096	**1,241**	1,233
Deferred income (note 27)	**9,151**	9,151	**–**	–
Deposits received	**27,445**	26,328	**–**	–
Others	**29,516**	28,559	**–**	–
	209,734	255,845	**1,241**	1,233

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 $64,182,000 (see note 36(b)) which accrual had been paid to the Taiwan Tax Authority during the year ended 31 March 2011.

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

	The Group	
	2011	2010
	$'000	$'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

22 Employee retirement benefits

(a) Defined benefit retirement schemes

The Group's Taiwan subsidiaries participate in a central pension scheme providing benefits to participating employees in accordance with the Labour Standards Law (as amended) in Taiwan. The Group has an obligation to ensure that there are sufficient funds in the scheme to pay the benefits earned. The Group currently contributes at 2% of the total salaries of participating employees as determined and approved by the relevant government authorities. The contributions are placed with the Central Trust of China, a government institution.

The central pension scheme is funded by contributions from the Group in accordance with an independent actuary's recommendation based on annual actuarial valuation. The latest independent actuarial valuation of the scheme at 31 March 2011 was performed by Dr Lin, who is a Fellow of Actuarial Institute of Republic of China, using the projected unit credit method. The actuarial valuation indicates that the Group's obligations under the defined benefit retirement scheme are 50% (2010: 56%) covered by the plan assets placed with the government institution.

(i) The amount recognised in the consolidated statement of financial position is as follows:

	The Group	
	2011	2010
	$'000	$'000
Present value of wholly or partly funded obligations	**29,857**	24,545
Fair value of scheme assets	**(15,037)**	(13,734)
Present value of net obligations	**14,820**	10,811
Unrecognised transitional liabilities	**(295)**	(287)
Unrecognised actuarial losses	**(9,702)**	(6,910)
Unrecognised past service cost	**264**	–
	5,087	3,614

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions. The Group expects to pay $1,199,000 in contributions to defined benefit retirement schemes in the coming year.

22 Employee retirement benefits *(continued)*

(a) Defined benefit retirement schemes *(continued)*

(ii) *Scheme assets consist of the following:*

	The Group	
	2011	2010
	$'000	$'000
Cash deposits	**15,037**	13,734

(iii) *Movements in the present value of the defined benefit obligations*

	The Group	
	2011	2010
	$'000	$'000
At the beginning of the year	**24,545**	18,216
Exchange adjustments	**2,155**	1,373
Current service cost	**295**	256
Interest cost	**504**	427
Actuarial losses	**2,358**	4,273
At the end of the year	**29,857**	24,545

(iv) *Movements in scheme assets*

	The Group	
	2011	2010
	$'000	$'000
At the beginning of the year	**13,734**	12,586
Exchange adjustments	**1,125**	884
Group's contributions paid to the schemes	**39**	47
Actuarial expected return on scheme assets	**279**	132
Actuarial (losses)/gains	**(140)**	85
At the end of the year	**15,037**	13,734

22 Employee retirement benefits *(continued)*

(a) Defined benefit retirement schemes *(continued)*

(v) Expense recognised in consolidated income statement is as follows:

	The Group	
	2011	2010
	$'000	$'000
Current service cost	**295**	256
Interest on obligations	**504**	427
Actuarial expected return on scheme assets	**(279)**	(132)
Amortisation of actuarial losses and transitional liabilities	**395**	93
	915	644

The expenses are recognised in the following line items in the consolidated income statement:

	The Group	
	2011	2010
	$'000	$'000
Selling expenses	**884**	605
Administrative expenses	**31**	39
	915	644
Actual return on scheme assets	**139**	217

22 Employee retirement benefits *(continued)*

(a) Defined benefit retirement schemes *(continued)*

(vi) The principal actuarial assumptions used as at 31 March 2011 (expressed as weighted averages) are as follows:

	The Group	
	2011	2010
	$'000	$'000
Discount rate	**2%**	2%
Expected rate of return on scheme assets	**2%**	2%
Future salary increases	**2.5% – 2.8%**	2.5% – 2.8%

The expected long-term rate of return on scheme assets is based on the return of scheme assets (i.e. cash deposits), which is based exclusively on historical returns, without adjustments.

Historical information

	The Group				
	2011	2010	2009	2008	2007
	$'000	$'000	$'000	$'000	$'000
Present value of the defined benefit obligations	**29,857**	24,545	18,216	17,146	13,897
Fair value of scheme assets	**(15,037)**	(13,734)	(12,586)	(13,726)	(12,113)
Deficit in the scheme	**14,820**	10,811	5,630	3,420	1,784
Experience adjustments arising on scheme liabilities	**2,358**	4,273	2,264	1,117	85
Experience adjustments arising on scheme assets	**(140)**	85	(62)	85	23

22 Employee retirement benefits *(continued)*

(b) Defined contribution retirement scheme

With effect from 1 July 2005, certain employees of the Taiwan subsidiaries who were previously covered in the above defined benefit retirement plans may choose to and have been transferred to a defined contribution scheme governed by the Labour Pension Act. The Taiwan subsidiaries contribute at 6% of the total salaries of participating employees that chose to participate in the defined contribution scheme, deposited into individual pension accounts at the Bureau of Labour Insurance in Taiwan. Contributions to the defined contribution scheme are charged to profit or loss when incurred.

The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the plan vest immediately.

For other subsidiaries, contributions to the defined contribution retirement schemes are recognised as an expense in profit or loss as incurred.

23 Balances with related companies/shareholders

The balances are unsecured, interest-free and repayable on demand. Details of related party transactions are set out in note 34.

24 Income tax in the statement of financial position

(a) Current taxation in the statement of financial position represents:

	The Group	
	2011	2010
	$'000	$'000
Provision for overseas profits tax	**46,693**	33,982
Provisional profits tax paid	**(12,455)**	(9,864)
	34,238	24,118
Balance of profits tax provision relating to prior years	**25,824**	25,824
	60,062	49,942

The Group operates mainly in Taiwan, South Korea, Singapore, the People's Republic of China ("the PRC"), Hong Kong and other countries in Asia and Europe. The directors have reviewed the Group's worldwide operations and consider that adequate provision for taxation has been made in the consolidated financial statements.

24 Income tax in the statement of financial position *(continued)*

(b) Deferred tax assets recognised

The Group

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

	Depreciation in excess of the related depreciation allowances $'000	Inventory write-down $'000	Operating revenue $'000	Others $'000	Total $'000
Deferred tax arising from:					
For the year ended 31 March 2010					
At the beginning of the year	124	9,120	6,290	12,268	27,802
Exchange adjustments	15	1,109	1,155	24	2,303
Charged to profit or loss	(85)	(1,520)	(3,063)	(1,901)	(6,569)
At the end of the year	54	8,709	4,382	10,391	23,536
For the year ended 31 March 2011					
At the beginning of the year	**54**	**8,709**	**4,382**	**10,391**	**23,536**
Exchange adjustments	**62**	**566**	**93**	**(201)**	**520**
Credited/(charged) to profit or loss	**1,543**	**(442)**	**140**	**729**	**1,970**
Disposals through disposal of subsidiaries	**–**	**–**	**–**	**(698)**	**(698)**
At the end of the year	**1,659**	**8,833**	**4,615**	**10,221**	**25,328**

24 Income tax in the statement of financial position *(continued)*

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(q), the Group has not recognised deferred tax assets on the following deductible temporary differences as it is not probable that future taxable profits will be available against which the assets can be utilised:

	The Group	
	2011	2010
	$'000	$'000
Future benefit of cumulative tax losses	**45,421**	76,123
Others	**2,761**	11,291
	48,182	87,414

At 31 March 2011, the Group has not recognised deferred tax assets in respect of cumulative tax losses, whose expiry dates are:

	The Group	
	2011	2010
	$'000	$'000
In March 2012	**–**	3,691
In March 2013	**–**	667
In December 2013	**11,664**	13,494
In December 2014	**3,180**	8,468
In December 2015	**7,817**	–
Do not expire under current tax legislation	**22,760**	49,803
	45,421	76,123

(d) Deferred tax liabilities not recognised

At 31 March 2011, temporary differences relating to the undistributed profits of subsidiaries amounted to $887,312,000 (2010: $766,979,000). Deferred tax liabilities of $147,913,000 (2010: $128,303,000) have not been recognised in respect of the withholding tax that would be payable on distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

25 Loans from shareholders

The loans from shareholders represented loans from Hang Ten International Holdings Limited ("Hang Ten (BVI)") for financing the acquisition of ILC International Corporation ("ILC") 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. Accrued interest of $7,639,000 (2010: $7,639,000) is included under trade and other payables in note 21.

26 Loan from a non-controlling shareholder

The loan from a non-controlling shareholder as at 31 March 2010 was unsecured, interest-free and not expected to be repaid within the next twelve months from the end of the reporting period. The loan was disposed of through disposal of subsidiaries during the year ended 31 March 2011.

27 Deferred income

A subsidiary of the Group entered into an agreement with Itochu Corporation ("Itochu") on 7 May 2004 for the lease of exclusive rights in respect of "Hang Ten" in Japan territory for a period of 10 years ending on 31 March 2014 for a fee of $92,040,000 (net of tax at $82,836,000). An option was granted to Itochu under this agreement to purchase the exclusive rights at a price of $10,730,000 upon expiry of the 10-years lease period.

Deferred income represents the unearned portion of royalty income and is analysed as follows:

	The Group	
	2011	2010
	$'000	$'000
Total deferred income	**27,453**	36,604
Less: current portion included in trade and other payables (note 21)	**(9,151)**	(9,151)
	18,302	27,453

28 Capital, reserves and dividends

(a) Movements in component of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital (note 28(c)) $'000	Share premium (note 28(d)(i)) $'000	Contributed surplus (note 28(d)(ii)) $'000	Exchange reserve (note 28(d)(iii)) $'000	Retained profits $'000	Total $'000
Balance at 1 April 2009	98,225	11,920	113,584	(212)	44,249	267,766
Changes in equity:						
Dividends approved in respect of previous year (note 28(b)(ii))	–	–	–	–	(39,290)	(39,290)
Total comprehensive income for the year	–	–	–	–	54,637	54,637
Balance at 31 March 2010	98,225	11,920	113,584	(212)	59,596	283,113
Balance at 1 April 2010	**98,225**	**11,920**	**113,584**	**(212)**	**59,596**	**283,113**
Changes in equity:						
Dividends approved in respect of previous year (note 28(b)(ii))	**–**	**–**	**–**	**–**	**(54,024)**	**(54,024)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**120,213**	**120,213**
Dividends declared in respect of the current year (note 28(b)(i))	**–**	**–**	**–**	**–**	**(19,645)**	**(19,645)**
Balance at 31 March 2011	**98,225**	**11,920**	**113,584**	**(212)**	**106,140**	**329,657**

28 Capital, reserves and dividends *(continued)*

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2011 **$'000**	2010 $'000
Interim dividend declared and paid of 2.0 cents (2010: $Nil) per ordinary share	**19,645**	–
Final dividend proposed after the end of the reporting period of 8.0 cents (2010: 5.5 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.

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

	2011 **$'000**	2010 $'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 5.5 cents (2010: 4.0 cents) per share	**54,024**	39,290

28 Capital, reserves and dividends *(continued)*

(c) Share capital

Authorised and issued share capital

	2011					2010				
	Number of ordinary shares '000	Amount $'000	Number of convertible preference shares	Amount $'000	Total $'000	Number of ordinary shares '000	Amount $'000	Number of convertible preference shares	Amount $'000	Total $'000
Authorised:										
Ordinary shares of $0.10 each	2,500,000	250,000	–	–	250,000	2,500,000	250,000	–	–	250,000
Convertible preference shares ("CPS") of $10,000 each	–	–	7,307	73,070	73,070	–	–	7,307	73,070	73,070
	2,500,000	250,000	7,307	73,070	323,070	2,500,000	250,000	7,307	73,070	323,070
Issued and fully paid:										
At 1 April 2009, 31 March 2010, 1 April 2010 and 31 March 2011	982,250	98,225	–	–	98,225	982,250	98,225	–	–	98,225

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

28 Capital, reserves and dividends *(continued)*

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by section 40 of the Bermuda Companies Act 1981.

(ii) Contributed surplus

The excess of the consolidated net assets of Hang Ten (BVI) acquired over the nominal value of the shares issued by the Company pursuant to the reorganisation completed prior to its listing on the HKSE in January 2003 is credited to contributed surplus. Contributed surplus is available for distribution to shareholders in accordance with the Bermuda Companies Act 1981 subject to certain conditions.

(iii) Exchange reserve

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

(iv) Legal reserve

According to the Company Act in Taiwan, the Group's Taiwan subsidiary shall provide 10% of net profit as legal reserve until the legal reserve balance equals authorised capital. The legal reserve may be used at any time to offset deficits. No cash dividends shall be paid from the legal reserve. However, the shareholders of the subsidiary may elect to increase the subsidiary's share capital by an amount up to 50% of the reserve when the legal reserve has reached 50% of paid-in capital.

(e) Distributability of reserves

At 31 March 2011, the aggregate amount of reserves available for distribution to equity shareholders of the Company amounted to $219,512,000 (2010: $172,968,000). After the end of the reporting period the directors proposed a final dividend of 8.0 cents (2010: 5.5 cents) per ordinary share, amounting to $78,580,000 (2010: $54,024,000) (note 28(b)). This dividend has not been recognised as a liability at the end of the reporting period.

28 Capital, reserves and dividends *(continued)*

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. The Group reviews the capital structure on a regular basis and considers the cost of capital and the associated risks, and balances its overall capital structure through adjusting the amount of dividends paid to shareholders, issuing new shares or raising new debt financing. No changes were made in the objectives, policies or processes during the years ended 31 March 2011 and 2010.

The Group monitors capital with reference to its debt position. The Group's strategy is to maintain a solid base to support the operations and development of its business in the long term. The Group's gearing ratio, being the Group's bank borrowings over its equity attributable to equity shareholders, as at 31 March 2011 was 1.8% (2010: 2.3%).

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements in either the current or prior year.

29 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

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.

29 Financial risk management and fair values *(continued)*

(a) Credit risk *(continued)*

Credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 30 to 60 days from the date of billing. The Group occasionally requests cash deposits as collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The Group does not have a concentration of credit risk at 31 March 2011 and 2010. The maximum exposure to credit risk without taking into account of any collateral held is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. Except for disclosed in note 31(b), the Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative discloses in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 17.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's management. The Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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

29 Financial risk management and fair values *(continued)*

(b) Liquidity risk *(continued)*

The Group

	2011				2010			
	Contractual undiscounted cash flow				Contractual undiscounted cash flow			
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	Total $'000	Carrying amount at 31 March $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	Total $'000	Carrying amount at 31 March $'000
Bank loans	17,400	–	17,400	17,154	17,154	–	17,154	17,123
Trade and other payables	200,583	–	200,583	200,583	239,055	–	239,055	239,055
Amounts due to shareholders	12,757	–	12,757	12,757	8,631	–	8,631	8,631
Loans from shareholders	131,623	–	131,623	127,182	7,639	131,623	139,262	127,182
Loan from a non-controlling shareholder	–	–	–	–	–	3,048	3,048	3,048
	362,363	–	362,363	357,676	272,479	134,671	407,150	395,039

The Company

	2011				2010			
	Contractual undiscounted cash flow				Contractual undiscounted cash flow			
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	Total $'000	Carrying amount at 31 March $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	Total $'000	Carrying amount at 31 March $'000
Trade and other payables	1,241	–	1,241	1,241	1,233	–	1,233	1,233
Financial guarantee issued:								
– Maximum amount guaranteed (note 31(b))	17,154	–	17,154	–	31,366	–	31,366	–

29 Financial risk management and fair values *(continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from the Group's cash and cash equivalents, bank loans and loans from shareholders. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not use financial derivatives to hedge against the interest rate risk. The Group defines "net borrowings" as being interest-bearing financial liabilities less interest-bearing investments (excluding cash held for short-term working capital purposes). The Group's interest rate profile as monitored by management is set out in note (i) below.

(i) Interest rate profile

The following table details the interest rate profile for the Group's net borrowings at the end of the reporting period:

The Group

	2011		2010	
	Effective interest rate	**$'000**	Effective interest rate	$'000
Fixed rate borrowings:				
Secured bank loans	–	–	4.97%	13,711
Loans from shareholders	6%	127,182	6%	127,182
		127,182		140,893
Variable rate borrowings:				
Unsecured bank loans	6.16% to 7.45%	17,154	5.35%	3,412
Total net borrowings		144,336		144,305
Fixed rate borrowings as a percentage of total net borrowings		88%		98%

29 Financial risk management and fair values *(continued)*

(c) Interest rate risk *(continued)*

(ii) Sensitivity analysis

At 31 March 2011, it is estimated that a general increase/decrease of one percent in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately $1,400,000 (2010: $1,443,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2010.

(d) Currency risk

The Group operates in a number of countries and is exposed to foreign exchange risk arising from various currency transactions.

The Group is exposed to foreign currency risk primarily through purchases that are denominated in a currency other than the functional currency of the operation to which they relate.

The Group did not use financial derivatives to hedge against currency risk during the years ended 31 March 2011 and 2010.

The inter-group transactions are normally denominated in United States dollars.

(i) Recognised assets and liabilities and net investment in foreign operations

In respect of recognised assets and liabilities held in currencies other than the functional currency of the entities to which they relate, and certain investment in foreign operations whose net assets are exposed to foreign currency translation risk, the Group ensures that the net exposure is kept to an acceptable level. All the Group's borrowings are denominated in either the functional currency of the entity taking out the loan or United States dollars. Management considers the risk of movements in exchange rates between United States dollars and Hong Kong dollars to be insignificant as the Hong Kong dollars is pegged to the United States dollars.

29 Financial risk management and fair values *(continued)*

(d) Currency risk *(continued)*

(ii) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets and liabilities denominated in United States dollars ("USD"). Difference resulting from the translation of the financial statements of foreign operations into the Group's presentation currency is excluded. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars ("HKD"), translated using the spot rate at the year end date.

The Group

	Exposure to foreign currencies (expressed in HKD)	
	2011	2010
	$'000	$'000
Trade and other payables	**11,749**	5,731

(iii) Sensitivity analysis

No sensitivity analysis is presented as it is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies.

(e) Equity price risk

The Group is exposed to equity price changes arising from investments classified as financial assets through profit or loss (see note 15). All the Group's investments are listed funds in Taiwan. The investments have been chosen based on their long term growth potential and are monitored regularly for performance against expectations.

29 Financial risk management and fair values *(continued)*

(e) Equity price risk *(continued)*

At 31 March 2011, it is estimated that an increase/decrease of 5% (2010: 5%) in Taiwan stock market index would have increased/decreased the Group's profit after tax (and retained profits) as follows:

The Group

	2011		2010	
		Effect on profit after tax and retained profits		Effect on profit after tax and retained profits
	%	**$'000**	%	$'000
Change in Taiwan TAIEX Index – listed funds				
Increase	**5**	**5,298**	5	4,224
Decrease	**(5)**	**(5,298)**	(5)	(4,224)

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the changes in the stock market index had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index and that all other variables remain constant. The analysis is performed on the same basis for 2010.

29 Financial risk management and fair values *(continued)*

(f) Fair values

(i) Financial instruments carried at fair value

The amendments to HKFRS 7, *Financial Instruments: Disclosures* require disclosures relating to fair value measurements across the three levels of a "fair value hierarchy". The fair value of each financial instruments is categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

At 31 March 2011 and 2010, the only financial instruments of the Group carried at fair value were listed funds classified as financial assets through profit or loss amounting to $105,957,000 (2010: $84,475,000) which are listed outside Hong Kong (see note 15). These instruments fall into Level 1 of the fair value hierarchy described above.

(ii) Fair values of financial instruments carried at other than fair value

The fair values of cash and cash equivalents, trade and other receivables, amounts due from related companies, amounts due from/to subsidiary, trade and other payables and amounts due to shareholders are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The carrying amounts of bank loans and interest-bearing loans from shareholders approximate their fair values.

The Group had a loan from a non-controlling shareholder which is interest-free as at 31 March 2010 (see note 26). It was not practical to estimate the fair value of the amount due to the related party nature of the instruments.

29 Financial risk management and fair values *(continued)*

(g) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of the following financial instruments.

(i) Listed funds

Fair value is based on quoted market prices at the end of the reporting period without any deduction for transaction costs.

(ii) Interest-bearing loans and borrowings

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

30 Operating lease commitments

At 31 March 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2011	2010
	$'000	$'000
Within 1 year	**173,323**	168,279
After 1 year but within 5 years	**191,944**	180,481
After 5 years	**2,117**	2,606
	367,384	351,366

The Group is the lessee in respect of a number of properties held under short-term operating leases. The leases typically run for an initial period of two to six years, with an option to renew the lease when all terms are renegotiated. The monthly rentals of the leases are either fixed or contingent based on an agreed percentage of the turnover of the respective months. The disclosure on commitments above includes the fixed rentals only.

(Expressed in Hong Kong dollars unless otherwise indicated)

31 Contingent liabilities

(a) Letters of credit

At 31 March 2011, outstanding letters of credit of the Group for the purchase of goods amounted to $39,395,000 (2010: $30,888,000).

(b) Financial guarantees issued

As at the end of the reporting period, the Company has issued financial guarantees on behalf of its subsidiaries in respect of certain banking facilities. Due to the related party nature of these instruments, the directors considered it is not meaningful and practicable to estimate the fair values of the financial guarantees and therefore they have not been recognised in the Company's financial statements.

32 Pledge of assets

At 31 March 2010, a bank loan of $13,711,000 was secured by certain land and buildings and an investment property with carrying values of $30,120,000 and $7,995,000 respectively. The bank loan was fully repaid during the year ended 31 March 2011 (see note 20).

33 Particulars of subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary shares unless otherwise stated.

All of these subsidiaries have been consolidated into the consolidated financial statements.

			Proportion of ownership interest			
Name of company	Place of incorporation and operation	Particulars of issued and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Hang Ten (BVI)	British Virgin Islands ("BVI")	US$103,821	100%	100%	–	Investment holding
ILC	BVI	US$639,830	100%	–	100%	Investment holding
Hang Ten Enterprises Limited	BVI	US$50,000	100%	–	100%	Retail and wholesale of apparel
Yangtze Apparel Taiwan Enterprise Limited	Taiwan	NT$100,000,000	100%	–	100%	Retail and wholesale of apparel

(Expressed in Hong Kong dollars unless otherwise indicated)

33 Particulars of subsidiaries *(continued)*

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Hang Ten (Phils) Holdings Corporation	BVI	US$50,000	100%	–	100%	Investment holding
Hang Ten Phils., Corp (note (i))	Philippines	PHP50,000,000	55%	–	55%	Retail and wholesale of apparel
Hang Ten Enterprises (Pte) Ltd.	Singapore	SGD1,000,000	100%	–	100%	Retail and wholesale of apparel
Hang Ten Korea Corp.	South Korea	KRW50,000,000	100%	–	100%	Retail and wholesale of apparel
Hang Ten Enterprises (M) Sdn Bhd	Malaysia	RM500,000	100%	–	100%	Retail and wholesale of apparel
Precise Delta Limited	Hong Kong	$1	100%	–	100%	Inactive
HTEL (Macau) Limited	Macau	MOP25,000	100%	–	100%	Retail and wholesale of apparel
HTEL (Hong Kong) Limited	Hong Kong	$2,000,000	100%	–	100%	Retail and wholesale of apparel
Hang Ten (China) Group Limited	BVI	US$20,000	100%	–	100%	Investment holding
Guangzhou Hang Ten Trading Limited	The PRC	RMB500,000	100%	–	100%	Retail and wholesale of apparel
Hang Ten Trading (Shanghai) Limited	The PRC	US$2,000,000	100%	–	100%	Retail and wholesale of apparel

(Expressed in Hong Kong dollars unless otherwise indicated)

33 Particulars of subsidiaries *(continued)*

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
ILC Trademark Corporation	BVI	US$50,000	100%	–	100%	Trademark ownership and licensing
ILC (Cyprus) Limited	Cyprus	Cypriot pounds 1,000	100%	–	100%	Investment holding
HTIL Holdings Corporation N.V.	Netherlands Antilles	US$6,000	100%	–	100%	Investment holding
HTIL Corporation, B.V.	The Netherlands	NLG40,000	100%	–	100%	Trademark licensing
International Licensing (California) Corp	United States of America	US$10,000	100%	–	100%	Trademark licensing and management
Han Tone Enterprises Limited (note (i))	BVI	US$1	100%	–	100%	Investment holding
Merry King Investment Limited (note (i))	BVI	US$1,200	70%	–	70%	Investment holding
Ever Brave Holdings Limited (note (i))	BVI	US$160,000	56.88%	–	81.25%	Investment holding
Ever Brave Catering (Shanghai) Management Co., Ltd (notes (i) and (ii)) （恒勇餐飲（上海）管理有限公司）	The PRC	US$1,800,000	56.88%	–	100%	Trademark licensing and provision of catering management service
Hang Ten Enterprises Limited Mid-East FZE	United Arab Emirates	AED1,000,000	100%	–	100%	Wholesale of apparel

Notes:

(i) These subsidiaries were disposed of during the year ended 31 March 2011. Details of the disposal are disclosed in note 12.

(ii) The English Translation of the company name is for reference only. The official name of the company is in Chinese.

34 Material related party transactions

During the year, the Group entered into the following material related party transactions:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	2011 $'000	2010 $'000
Short-term employee benefits	28,211	21,060
Post-employment benefits	162	164
	28,373	21,224

Total remuneration is included in "staff costs" (see note 5(b)).

(b) (i) Transactions with Michel Rene Enterprises Limited, a subsidiary of YGM Trading Limited, a substantial shareholder of the Company

	2011 $'000	2010 $'000
Rental income from leasing of retail stores and equipment	768	830
Service fee income in respect of provision of maintenance services for retail stores	109	140
Rental expenses in respect of retail stores	558	938

(ii) Amount due from Michel Rene Enterprises Limited

	2011 $'000	2010 $'000
Amount due from Michel Rene Enterprises Limited	147	170

Details of the terms are set out in note 23.

34 Material related party transactions *(continued)*

(c) (i) Transactions with shareholders of the Company

	2011 $'000	2010 $'000
Executive remuneration paid to shareholders	15,865	11,781
Interest on loans from shareholders	7,639	7,639

(ii) Balances with shareholders and a non-controlling shareholder of a non-wholly owned subsidiary

	2011 $'000	2010 $'000
Amounts due to shareholders	12,757	8,631
Loans from shareholders	127,182	127,182
Loan from a non-controlling shareholder	–	3,048
Accrued interest on loans from shareholders (note 21)	7,639	7,639

Details of the terms are set out in notes 23, 25 and 26.

(d) (i) Transactions with non-controlling shareholders of non-wholly owned subsidiaries of the Company and their associates

	2011 $'000	2010 $'000
Sales of goods to Chua and company	–	2,381
Royalty income from Avon Dale Garments, Inc.	–	462

(ii) Balance with an associate of the non-controlling shareholders of non-wholly owned subsidiaries of the Company

	2011 $'000	2010 $'000
Amount due from Avon Dale Garments, Inc.	–	78

Details of the terms are set out in note 23.

35 Segment reporting

The Group manages its businesses in terms of apparel business by geographical location and licensing business. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Sale of apparel: Taiwan

– Sale of apparel: South Korea

– Sale of apparel: Philippines

– Sale of apparel: Singapore

– Sale of apparel: Malaysia

– Sale of apparel: Hong Kong and Macau

– Sale of apparel: the PRC

– Licensing

(a) Segment results, assets and liabilities

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

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.

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 administration costs.

In addition to receiving segment information concerning operating profit before finance costs and taxes, management is provided with segment information concerning revenue (including inter-segment revenue), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and amortisation, impairment losses on trade debtors and royalty receivables and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purpose of resource allocation and assessment of segment performance for the years ended 31 March 2011 and 2010 is set out below.

35 Segment reporting *(continued)*

(a) Segment results, assets and liabilities *(continued)*

2011

	Sale of apparel									
	Taiwan $'000	South Korea $'000	Philippines $'000	Singapore $'000	Hong Kong and Macau $'000	Malaysia $'000	The PRC $'000	Sub-total $'000	Licensing $'000	Total $'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

35 Segment reporting *(continued)*

(a) Segment results, assets and liabilities *(continued)*

2010

	Sale of apparel									
	Taiwan $'000	South Korea $'000	Philippines $'000	Singapore $'000	Hong Kong and Macau $'000	Malaysia $'000	The PRC $'000	Sub-total $'000	Licensing $'000	Total $'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/(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

35 Segment reporting *(continued)*

(b) Reconciliation of reportable segment revenue, profit, assets and liabilities

	2011 $'000	2010 $'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

	2011 $'000	2010 $'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

35 Segment reporting *(continued)*

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's 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
	$'000	$'000	**$'000**	$'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
The PRC	**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

36 Non-adjusting events after the reporting period

(a) Final dividend proposed after the end of reporting period

After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 28(b).

36 Non-adjusting events after the reporting period *(continued)*

(b) Tax exposure in relation to the co-operative arrangement

In December 2003, the Group received a notice of claim from Taiwan Tax Authority ("TTA") for additional value added tax ("VAT") and penalties in respect of sales made through certain retail shops which are operated under co-operative arrangements with third parties. The TTA considers that the Group has excluded a portion of the sales value during the period from January 1999 to December 2002 for the purpose of VAT filings. Further to the appeal made to the Supreme Administrative Court in February 2009, the appeal was rejected in September 2009.

Based on the result of the appeal, the directors made an accrual for the additional VAT and penalties in the financial statements during the year ended 31 March 2010 amounting to a total of $60,272,000. The Group paid additional VAT and penalties amounting to a total of $64,182,000 (see note 21) during the year ended 31 March 2011. In March 2011, the Group obtained a Constitution Interpretation by the Grand Justice and subsequently in April 2011, the Group obtained an advice from TTA which stated that the penalties imposed in respect of the co-operative arrangements may be reduced subject to the approval of the Supreme Administrative Court. The Group has further filed an appeal to the Supreme Administrative Court in respect of the additional VAT charged under the co-operative arrangements in April 2011 and the case is now pending. In the opinion of the directors, certain amount of additional VAT paid during the year ended 31 March 2011 might be refunded to the Group if the appeal to the Supreme Administrative Court succeeds.

37 Accounting judgements and estimates

Critical accounting judgements in applying the Group's accounting policies and sources of estimation uncertainty

Notes 22 and 29 contain information about the assumptions and their risk factors relating to defined benefit retirement obligation and valuation of financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Goodwill and intangible assets

Notes 12 and 14 contain information about the assumptions relating to the impairment tests on goodwill and intangible assets. In addition, note 14 contains information relating to the assessment of the indefinite life of intangible assets.

(ii) Income tax provisions

The Group is subject to income taxes in numerous jurisdictions. Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations in the respective jurisdictions.

(Expressed in Hong Kong dollars unless otherwise indicated)

37 Accounting judgements and estimates *(continued)*

(iii) Write-down of inventories

Inventories are reviewed periodically to assess whether any write-down or reversal of write-down is required. The estimate is based on historical experience relating to the sales performance subsequent to respective seasons. Uncertainty exists in these estimates and the policy is reviewed regularly and adjusted if necessary.

38 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2011

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and Interpretations and one new standard which are not yet effective for the year ended 31 March 2011 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Revised HKAS 24, *Related party disclosures*	1 January 2011
HKFRS 9, *Financial instruments*	1 January 2013
Improvements to HKFRSs 2010	1 July 2010 or 1 January 2011
Amendments to HKAS 12, *Income taxes*	1 January 2012

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's or the Company's results of operations and financial position.

(Expressed in Hong Kong dollars)

	Year ended 31 March 2007 (restated) $'000	Year ended 31 March 2008 (restated) $'000	Year ended 31 March 2009 (restated) $'000	Year ended 31 March 2010 $'000	**Year ended 31 March 2011 $'000**
Consolidated results					
Turnover	1,997,812	2,127,150	2,008,025	2,056,440	**2,363,515**
Profit before taxation	147,291	212,370	103,172	181,747	**283,701**
Income tax	(39,341)	(44,971)	(23,195)	(40,590)	**(44,638)**
Profit for the year	107,950	167,399	79,977	141,157	**239,063**
Attributable to:					
Equity shareholders of the Company	108,198	167,221	82,947	142,995	**239,133**
Non-controlling interests	(248)	178	(2,970)	(1,838)	**(70)**
Profit for the year	107,950	167,399	79,977	141,157	**239,063**
Consolidated assets and liabilities					
Fixed assets	75,417	87,065	176,729	176,294	**141,948**
Goodwill	70,114	74,038	75,217	74,038	**71,940**
Intangible assets	137,348	138,675	139,443	115,309	**114,867**
Other non-current assets	29,802	31,501	27,802	67,676	**64,630**
Net current assets	439,352	531,094	347,648	490,296	**589,156**
Non-current liabilities	(184,196)	(175,644)	(169,633)	(161,297)	**(23,389)**
Net assets	567,837	686,729	597,206	762,316	**959,152**
Capital and reserves					
Share capital	98,225	98,225	98,225	98,225	**98,225**
Reserves	463,268	580,982	494,685	661,470	**860,927**
Total equity attributable to equity shareholders of the Company	561,493	679,207	592,910	759,695	**959,152**
Non-controlling interests	6,344	7,522	4,296	2,621	**–**
Total equity	567,837	686,729	597,206	762,316	**959,152**

(Expressed in Hong Kong dollars)

	Year ended 31 March 2007 (restated) $'000	Year ended 31 March 2008 (restated) $'000	Year ended 31 March 2009 (restated) $'000	Year ended 31 March 2010 $'000	**Year ended 31 March 2011 $'000**
Earnings per share					
Basic and diluted	11.02 cents	17.02 cents	8.44 cents	14.56 cents	**24.35 cents**
Dividends	49,113	68,758	39,290	54,024	**98,225**

As a result of the change in presentation currency from United States dollars to Hong Kong dollars during the year ended 31 March 2010, comparative figures for the years from 2007 to 2009 have been restated.