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THE SINCERE COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0244)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2013

The Board of Directors (the "Board") of The Sincere Company, Limited (the "Company") announces that the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 28 February 2013 together with the comparative figures for the previous year are as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 28 February 2013

	Notes	**2013** *HK\$'000*	2012 *HK\$'000*
CONTINUING OPERATIONS			
REVENUE	*2*	**498,014**	526,469
Cost of sales		**(171,470)**	(195,448)
Other income and gains		**16,410**	22,724
Net unrealised gain/(loss) on securities trading		**8,002**	(13,933)
Selling and distribution expenses		**(206,531)**	(201,119)
General and administrative expenses		**(115,530)**	(106,045)
Impairment on deposits, other receivables and financial instruments, net	*4*	**(20,988)**	(28,833)
Other operating expenses		**(927)**	(2,423)
Finance costs	*3*	**(2,087)**	(1,406)
Share of profits less losses of associates		**20,037**	(4,223)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	*4*	**24,930**	(4,237)
Income tax expense	*5*	**(444)**	(342)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**24,486**	(4,579)

	Notes	**2013** *HK$'000*	2012 *HK$'000*
DISCONTINUED OPERATION			
Profit/(loss) for the year from the discontinued operation	*6*	**49,849**	(3,971)
PROFIT/(LOSS) FOR THE YEAR		**74,335**	(8,550)
ATTRIBUTABLE TO:			
Equity holders of the Company		**74,824**	(8,549)
Non-controlling interests		**(489)**	(1)
		74,335	(8,550)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*8*		
Basic			
– For profit/(loss) for the year		**HK$0.15**	HK$(0.02)
– For profit/(loss) from continuing operations		**HK$0.05**	HK$(0.01)
Diluted			
– For profit/(loss) for the year		**N/A**	N/A
– For profit/(loss) from continuing operations		**N/A**	N/A

Details of the dividend are disclosed in note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 28 February 2013

	2013	2012
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**74,335**	(8,550)
OTHER COMPREHENSIVE INCOME/(LOSS):		
Exchange differences arising on translation of foreign operations	**5,305**	1,413
Realisation of exchange fluctuation reserve upon disposal of a subsidiary	**(46,159)**	–
Realisation of exchange fluctuation reserve upon dissolution of an associate	**–**	1,149
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**33,481**	(5,988)
ATTRIBUTABLE TO:		
Equity holders of the Company	**33,227**	(6,364)
Non-controlling interests	**254**	376
	33,481	(5,988)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

28 February 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**72,782**	81,804
Investment properties		**–**	127,695
Prepaid land premium		**–**	735
Interests in associates		**36,371**	14,788
Financial instruments		**26,326**	38,674
Rental deposits and other receivables		**26,389**	6,351
Pension scheme assets		**1,963**	3,286
Total non-current assets		**163,831**	273,333
CURRENT ASSETS			
Properties under development		**–**	130,658
Inventories		**75,400**	69,005
Debtors	*9*	**187**	7,333
Prepayments, deposits and other receivables		**27,012**	36,736
Financial assets at fair value through profit or loss		**270,657**	257,775
Financial instruments		**124,800**	–
Pledged bank balances		**22,193**	15,514
Pledged deposits with banks		**17,426**	27,386
Cash and bank balances		**225,019**	52,649
Total current assets		**762,694**	597,056
CURRENT LIABILITIES			
Creditors	*10*	**104,722**	97,997
Deposits, accrued expenses and other payables		**55,306**	50,376
Derivative financial instruments		**14**	–
Interest-bearing bank borrowings		**52,000**	42,966
Tax payable		**74**	106
Total current liabilities		**212,116**	191,445
NET CURRENT ASSETS		**550,578**	405,611
TOTAL ASSETS LESS CURRENT LIABILITIES		**714,409**	678,944
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**15,197**	19,308
NET ASSETS		**699,212**	659,636

	Notes	2013 HK$'000	2012 HK$'000
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital		**287,154**	287,154
Share premium account		**26**	26
Reserves		**428,049**	389,068
		715,229	676,248
Non-controlling interests		**(16,017)**	(16,612)
TOTAL EQUITY		**699,212**	659,636

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all 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 Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and financial assets at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 28 February 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 *– Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) *– Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC)-lnt 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009 – 2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. The Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

2. SEGMENT INFORMATION

(a) Operating segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's operating segments for the years ended 28 February 2013 and 29 February 2012.

	Continuing operations										Discontinued operation			
	Department store operations		Securities trading		Others		Eliminations		Total		Property rental and development		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:														
Sales to external customers	**466,437**	490,109	**945**	(2,670)	**30,632**	39,030	**–**	–	**498,014**	526,469	**4,881**	5,781	**502,895**	532,250
Intersegment sales	**–**	–	**–**	–	**34,744**	37,644	**(34,744)**	(37,644)	**–**	–	**–**	–	**–**	–
Other revenue	**110**	203	**107**	57	**973**	247	**–**	–	**1,190**	507	**2,913**	9,191	**4,103**	9,698
Total	**466,547**	490,312	**1,052**	(2,613)	**66,349**	76,921	**(34,744)**	(37,644)	**499,204**	526,976	**7,794**	14,972	**506,998**	541,948
Segment results	**32,140**	41,964	**(24,127)**	(27,261)	**(16,253)**	(35,528)	**–**	–	**(8,240)**	(20,825)	**(11,155)**	(3,996)	**(19,395)**	(24,821)
Interest income, dividend income and unallocated revenue									**15,220**	22,217	**61,004**	25	**76,224**	22,242
Finance costs									**(2,087)**	(1,406)	**–**	–	**(2,087)**	(1,406)
Share of profits less losses of associates									**20,037**	(4,223)	**–**	–	**20,037**	(4,223)
Profit/(loss) before tax									**24,930**	(4,237)	**49,849**	(3,971)	**74,779**	(8,208)
Income tax expense									**(444)**	(342)	**–**	–	**(444)**	(342)
Profit/(loss) for the year									**24,486**	(4,579)	**49,849**	(3,971)	**74,335**	(8,550)
Segment assets	**168,507**	126,404	**290,772**	291,035	**201,130**	102,394	**(34,893)**	(37,644)	**625,516**	482,189	**–**	277,863	**625,516**	760,052
Unallocated assets									**264,638**	95,549			**264,638**	95,549
Interests in associates	**–**	–	**–**	–	**36,371**	14,788	**–**	–	**36,371**	14,788	**–**	–	**36,371**	14,788
Total assets									**926,525**	592,526			**926,525**	870,389
Segment liabilities	**172,566**	168,699	**291**	358	**22,152**	13,471	**(34,893)**	(37,644)	**160,116**	144,884	**–**	3,595	**160,116**	148,479
Unallocated liabilities									**67,197**	62,274			**67,197**	62,274
Total liabilities									**227,313**	207,158			**227,313**	210,753
Other segment information:														
Depreciation	**9,322**	7,820	**376**	107	**1,998**	1,836	**–**	–	**11,696**	9,763	**1,214**	1,449	**12,910**	11,212
Amortisation of prepaid land premium	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**24**	29	**24**	29
Capital expenditure	**17,055**	13,565	**1,500**	–	**107**	1,301	**–**	–	**18,662**	14,866	**5**	389	**18,667**	15,255
Loss/(gain) on disposal/ write-off of items of property, plant and equipment	**37**	(12)	**(34)**	–	**644**	7	**–**	–	**647**	(5)	**6**	5	**653**	–
Loss on disposal of financial instruments	**–**	138	**–**	–	**–**	–	**–**	–	**–**	138	**–**	–	**–**	138
Net income derived from available-for-sales investments	**–**	–	**–**	–	**(822)**	–	**–**	–	**(822)**	–	**–**	–	**(822)**	–
Impairment for inventories	**–**	2,472	**–**	–	**–**	–	**–**	–	**–**	2,472	**–**	–	**–**	2,472
Impairment on interests in associates	**–**	–	**–**	–	**220**	240	**–**	–	**220**	240	**–**	–	**220**	240
Fair value gain on investment properties in Mainland China	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(9,191)	**–**	(9,191)
Impairment/(write-back of impairment) on deposits, other receivables and financial instruments, net	**–**	–	**21,300**	–	**(312)**	28,833	**–**	–	**20,988**	28,833	**–**	–	**20,988**	28,833
Impairment on debtors	**–**	–	**–**	–	**797**	–	**–**	–	**797**	–	**–**	–	**797**	–

(b) Geographical information

The following table presents revenue and non-current asset information from continuing operations.

	Hong Kong		Mainland China		United Kingdom ("UK")		Others		Eliminations		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Sales to external customers	**477,687**	503,269	**19,729**	22,540	**251**	254	**347**	406	**–**	–	**498,014**	526,469
Non-current assets	**97,401**	69,864	**1,770**	2,839	**–**	–	**–**	–	**–**	–	**99,171**	72,703

The non-current asset information from continuing operations above is based on the locations of the assets and includes property, plant and equipment and rental deposits and other receivables.

(c) Information about major customers

For the years ended 28 February 2013 and 29 February 2012, as no revenue from continuing operations derived from an individual customer of the Group has accounted for over 10% of the Group's total revenue, no information about major customers is presented under HKFRS 8.

3. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**1,896**	1,236
Others	**191**	170
	2,087	1,406

4. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

The Group's profit/(loss) before tax from continuing operations is arrived at after charging/(crediting):

	2013	2012
	HK$'000	*HK$'000*
Depreciation	**11,696**	9,763
Auditors' remuneration	**3,180**	2,972
Employee benefit expenses, excluding directors' and chief executive's remuneration:		
Wages and salaries	**61,049**	61,127
Equity-settled share option expenses	**946**	–
Pension contributions, including pension costs for defined benefit scheme of HK$1,645,000 (2012: HK$1,813,000)	**4,901**	3,956
	66,896	65,083
Impairment on interests in associates *	**220**	240
Impairment for inventories **	**–**	2,472
Loss on disposal of financial instruments *	**–**	138
Net income derived from available-for-sales investments ***	**(822)**	–
Net realised loss/(gain) on securities trading	**(945)**	2,670
Operating lease rental payments in respect of land and buildings:		
Minimum lease payments	**129,688**	129,012
Contingent rent	**7,450**	4,655
Loss/(gain) on disposal/write-off of items of property, plant and equipment *	**647**	(5)
Rental income	**(3,644)**	(3,635)
Interest income ***	**(5,944)**	(6,994)
Dividends from listed investments ***	**(8,812)**	(7,051)
Foreign exchange gains, net ***	**(464)**	(8,172)
Loss on dissolution of an associate *	**–**	2,050
Impairment on debtors	**797**	–
Impairment on deposits, other receivables and financial instruments, net △	**20,988**	28,833

* Amounts are included in "Other operating expenses" on the face of the consolidated income statement.

** Amount is included in "Cost of sales" on the face of the consolidated income statement.

*** Amounts are included in "Other income and gains" on the face of the consolidated income statement.

△ During the year ended 28 February 2013, impairment on deposits, other receivables and financial instruments, net represented by the provision of HK$21,300,000 relating to the Group's unlisted investment with major operations in Mainland China, netted by the write-back of impairment on other receivables of approximately HK$312,000.

During the year ended 29 February 2012, impairment on deposits, other receivables and financial instruments represented by a total amount of approximately HK$16,826,000 relating to the Group's acquisition of non-negotiable convertible promissory notes of TR-BIZ, a private limited company in United States and the related interest receivables of approximately HK$2,469,000 and HK$9,538,000 mainly for the Group's deposit for investment in Mainland China.

5. INCOME TAX

No provision for Hong Kong profits tax has been made during the year (2012: Nil) as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	Group	
	2013	2012
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong	**–**	–
Current – Elsewhere		
Charge for the year	**444**	342
Total tax charge for the year	**444**	342

6. DISCONTINUED OPERATION

On 14 September 2012, The Sincere Department Store (China) Limited, a wholly-owned subsidiary of the Company, Dalian Sincere Building Co. Ltd. ("Dalian Sincere"), an indirect wholly-owned subsidiary of the Company and the Company entered into an agreement with Dashang Jiahua Group Limited ("Dashang Jiahua") to sell the entire registered capital of Dalian Sincere at a consideration of RMB72,000,000 and to sell all amounts owned by Dalian Sincere to the Group to Dashang Jiahua at a consideration of RMB229,000,000. The aggregate consideration was RMB301,000,000 (equivalent to HK$374,926,000). Dalian Sincere's principal asset is Dalian Sincere Building located at 18 Jie Fang Road, Zhong Shan District, Dalian, the PRC. Given the stalemate property market conditions in the PRC and the deteriorating physical condition of the property, the Group considered it was a good opportunity to realise the property by disposing of the entire registered capital and the debt of Dalian Sincere so that the Group need not inject further funding for the property but also obtaining the sales proceed from the disposal. The transaction was completed in December 2012 and accordingly the Group's property rental and development operation was discontinued.

The results of the discontinued operation for the year are presented below:

		2013	2012
	Notes	***HK$'000***	*HK$'000*
Revenue		**4,881**	5,781
Cost of sales		**(276)**	(327)
Other income and gains	*(i)*	**2,917**	9,216
Selling and distribution expenses		**(1,761)**	(847)
General and administrative expenses	*(ii)*	**(16,267)**	(17,789)
Other operating expenses	*(iii)*	**(645)**	(5)
Loss before tax		**(11,151)**	(3,971)
Income tax expense		**–**	–
Loss for the year		**(11,151)**	(3,971)
Gain on disposal of a subsidiary	*11*	**61,000**	–
Profit/(loss) for the year from the discontinued operation		**49,849**	(3,971)

Notes:

(i) Amount included interest income of HK$4,000 (2012: HK$25,000) and fair value gain on investment properties in Mainland China of nil (2012: HK$9,191,000).

(ii) Amount included depreciation of HK$1,214,000 (2012: HK$1,449,000) and amortisation of prepaid land premium of HK$24,000 (2012: HK$29,000).

(iii) Amount included loss on disposal/write-off of items of property, plant and equipment of HK$6,000 (2012: HK$5,000).

Earnings/(loss) per share:		
Basic, from the discontinued operation	**HK$0.10**	HK$(0.01)
Diluted, from the discontinued operation	**N/A**	N/A

The calculation of basic earnings/(loss) per share from the discontinued operation is based on the profit from the discontinued operation attributable to equity holders of the Company for the year of HK$49,849,000 (2012: loss of HK$3,971,000) and the 486,233,000 ordinary shares (2012: 486,233,000) in issue throughout the year, as adjusted to reflect the number of shares held by an associate through reciprocal shareholding.

No adjustments have been made to the basic earnings/(loss) per share for the current and prior years as the share options in issue during the year ended 28 February 2013 has no dilutive effect and there was no dilutive potential ordinary shares in existence in prior year.

7. DIVIDEND

	2013	2012
	HK$'000	*HK$'000*
Proposed final dividend		
– HK1.5 cents (2012: Nil) per ordinary share	**8,615**	–

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect the dividend payable.

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share is based on the profit for the year and profit for the year from continuing operations of HK$74,824,000 (2012: loss of HK$8,549,000) and HK$24,975,000 (2012: loss of HK$4,578,000), respectively, attributable to equity holders of the Company and the 486,233,000 ordinary shares (2012: 486,233,000) in issue throughout the year, as adjusted to reflect the number of shares held by an associate through reciprocal shareholding.

No adjustments have been made to the basic earnings/(loss) per share for the current and prior years as the share options in issue during the year end 28 February 2013 has no dilutive effect and there were no dilutive potential ordinary shares in existence in prior year.

9. DEBTORS

The Group's trading terms with its customers are mainly on credit, except for department store operations, where payment is normally made on a cash basis. The credit period is generally one month. The Group seeks to maintain strict control over its outstanding receivables from the sales department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its debtor balances. Trade receivables are non-interest-bearing.

An aged analysis of the debtors as at the end of the reporting period, based on the payment due date, is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Within 3 months not past due	**136**	612
Within 3 months past due	**51**	4,870
Over 3 months past due	**797**	1,851
Total debtors	**984**	7,333
Impairment	**(797)**	–
Total	**187**	7,333

The movements in provision for impairment of debtors are as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
At beginning of year	**–**	–
Impairment losses recognised	**797**	–
At end of year	**797**	–

Included in the above provision for impairment of debtors is a provision for individually impaired debtors of HK$797,000 (2012: Nil) which were past due and not recoverable. The impairment recognised represented the carrying amount of these debtors.

An aged analysis of the debtors as at the end of the reporting period, based on the payment due date, net of provisions, is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Within 3 months not past due	**136**	612
Within 3 months past due	**51**	4,870
Over 3 months past due	**–**	1,851
	187	7,333

Debtors that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default. Debtors 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, the directors of the Company are of the opinion that no provision for impairment 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.

10. CREDITORS

An aged analysis of the creditors as at the end of the reporting period is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Current – 3 months	**103,270**	94,159
4 – 6 months	**275**	2,220
7 – 12 months	**1,162**	1,579
Over 1 year	**15**	39
	104,722	97,997

11. DISPOSAL OF A SUBSIDIARY

	Group 2013 HK$'000	2012 HK$'000
Net liabilities disposed of:		
Property, plant and equipment	**14,108**	–
Investment properties	**128,936**	–
Prepaid land premium	**749**	–
Properties under development	**131,928**	–
Prepayments, deposits and other receivables	**2,772**	–
Due to the Group	**(669,081)**	–
Realisation of exchange fluctuation reserve	**(46,159)**	–
	(436,747)	–
Due to the Group	**669,081**	–
Gain on disposal	**61,000**	–
	293,334	–
Satisfied by:		
Cash	**374,926**	–

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2013 HK$'000	2012 HK$'000
Cash consideration	**374,926**	–
Less: Transaction cost	**(81,592)**	–
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	**293,334**	–

12. COMPARATIVE AMOUNTS

The comparative income statement has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period. Certain comparative amounts have been revised to conform with the current year's presentation. The directors are in the opinion that such presentation would present more fairly the operations of the Group.

DIVIDENDS

The Board of Directors has resolved to recommend to shareholders the payment of a final dividend of HK1.5 cents per share for the year ended 28 February 2013 (2012: nil). Subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on 26 July 2013, the final dividend will be payable on 16 August 2013 to shareholders whose names appear on the register of members of the Company on 9 August 2013.

CLOSURE OF REGISTER OF MEMBERS

The Registers of Members of the Company will be closed from Monday, 5 August 2013 to Friday, 9 August 2013, both days inclusive, for the purpose of determining shareholders' entitlements to the proposed final dividend. In order to qualify for the final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30p.m. on Friday, 2 August 2013.

RESULTS

The year to be reported was both challenging and encouraging to the Group. The retail operation remained profitable despite a tough operating environment while the disposal of a China operation recorded a good return. Turnover of the Group was HK$498 million, a decrease of 5.4%. It was mainly attributable to static consumer demands and the Grand Century Place store being downsized since August 2012. Profit attributable to shareholders was HK$75 million as compared to a loss in previous year. The profit was primarily contributed from the disposal of Dalian Sincere Building Co. Ltd.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

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

CORPORATE GOVERNANCE PRACTICE

The Company's corporate governance practices are based on the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The CG Code, issued by the Stock Exchange in October 2011, is the new edition of the Code on Corporate Governance Practices (the "Former Code"), and is applicable to financial reports covering the financial period which ends after 1 April 2012.

During the financial year ended 28 February 2013, the Company has complied with the Code Provisions set out in the CG Code during the period from 1 April 2012 to 28 February 2013 as well as the Former Code during the financial period from 1 March 2012 to 31 March 2012, save and except for code provision A.1.1, A.4.1 and A.6.7.

Pursuant to code provision A.1.1 of the CG Code stipulates that at least four regular Board meetings a year at approximately quarterly intervals with active participation of majority of directors, either in person or through other electronic means of communication. The Company did not announce its quarterly results and hence not considered the holding of quarterly meetings as necessary. The Board met five times during the year ended 28 February 2013 for approving the final results for the year ended 29 February 2012 and interim results for the period ended 31 August 2012 and transacting other businesses.

Pursuant to code provision A.4.1 of the CG Code that non-executive directors should be appointed for a specific term, subject to re-election. The Independent Non-Executive Directors of the Company were not appointed for a specific term but are subjected to retirement by rotation and re-election at the Company's Annual General Meeting in accordance with the Company's Article of Association.

Pursuant to code provision A.6.7 of the CG Code that independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. Mr Charles M W Chan and Mr Peter Tan, the Independent Non-Executive Directors of the Company, did not attend the extraordinary general meeting of the Company due to their business arrangement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code governing the transactions of securities by the Directors. After making specific enquiry to all Directors, it is confirmed by the Company that the Directors of the Company had complied with the relevant standard as provided in the Model Code.

AUDIT COMMITTEE

The Audit Committee of the Company comprises four members all of whom are Independent Non-Executive Directors, namely, Mr Eric K K Lo, Mr Charles M W Chan, Mr King Wing Ma and Mr Peter Tan. Regular meetings have been held by the Audit Committee since its establishment and the Audit Committee met two times in the year under review. The primary duties of the Audit Committee are to review the Group's internal control and financial reporting process including interim and annual financial statements before recommending them to the Board of Directors for approval. The Group's results for the year ended 28 February 2013 have been reviewed by the Audit Committee.

LIQUIDITY AND FINANCIAL RESOURCES

At 28 February 2013, the Group had cash and bank balances of HK$265 million (2012: HK$96 million) of which HK$40 million (2012: HK$43 million) were pledged. The Group's gearing increased by 0.2% to 9.4% in total debt to the shareholders' fund as compared to last year. The interest expense charged to the consolidated income statement for the year was HK$2.1 million (2012: HK$1.4 million). The interest-bearing bank borrowings of the Group as at 28 February 2013 were in a sum of HK$67 million (2012: HK$62 million) of which HK$52 million (2012: HK$43 million) was repayable within one year and the remaining balance was repayable within the second to the fifth years. The bank borrowings were mainly in HKD with interest rates ranging from 1.0% to 5.8% per annum. The current ratio was 3.6 (2012: 3.1).

The Group currently has a foreign currency hedging policy on Euro for the purchase of inventories, which hedges half of the anticipated total value of the European inventory purchase for re-sale at the department stores. In addition to the internal generated cash flows, the Group also made use of both long and short term borrowings to finance its operation during the year. All borrowings were secured against the securities investment, a property and pledged bank deposits.

EMPLOYEES AND REMUNERATION POLICIES

At 28 February 2013, the Group had 491 employees (2012: 597) including part time staff. The Group operates different remuneration schemes for sales and non-sales employees to motivate front-line and back office staff towards higher sales achievement and operating efficiencies. Apart from basic salary and discretionary year-end bonuses based on individual merit, sales personnel are further remunerated on the basis of goal-oriented packages comprising several schemes of sales commission. The Group provides employee benefits such as employee stock option, staff purchase discounts, subsidized medical care and training courses.

BUSINESS REVIEW

Coupled with the soared operating costs and the downsized store at Kowloon Grand Century Place, both the turnover and direct operating profit in the department store operation recorded a decline. The management has implemented strategies to alleviate the impact, included the opening of a new store at the Yau Tong Domain shopping mall, launching of targeted promotions such as renovation and removal sales and, re-blending of the merchandises mix to maximize the gross profit margin.

The disposal of a China operation brought a profit to the Group. The Company entered into a sale and purchase agreement on 14 September 2012 to dispose the interests in Dalian Sincere Building Co. Ltd. and the debt at a consideration of RMB301 million, generated a total profit of HK$61 million. The completion was taken place and the sales proceeds have been duly received in December 2012. In order to maximize the shareholders' return, part of the proceeds was placed in banks to invest in funds to generate investment return and the remaining proceeds will be used to finance the working capital of new stores to be opened in the second half of the year 2013. On securities trading, a marginal improvement was recorded as a result of the unrealised gain from the securities investment when marked to market but offset by an impairment provision on an unlisted investment. The advertising business has under performed as several major customers have reduced their advertising budgets. The furniture business was undergoing reorganisation near the year end. The travel franchise business was undergoing management changes and was re-strategising the future direction of this business.

PROSPECTS

In the year ahead, the Group will focus on the core retail business and investing for the future. With the lease expiry of the flagship Central store and the landlord wants to do major renovation for a year and a half, this store will close by the end of August 2013. Also, the Kowloon Grand Century Place store will continue to downsize due to the landlord desire to reposition. The management has aggressively secured three new department stores sites to be opened in the second half of the year 2013 where two will be in the Hong Kong Island, Causeway Bay and Sheung Wan, and one will be in Kowloon, Mongkok, all of which will be located in densely foot traffic areas. Though there will be the usual economic and business risks going along with the heavy investments in new locations, the management is excited with optimistic a good return in the long run.

On securities trading, the improving United States economy balanced off with an unstable Eurozone prompted the management to keep a conservative approach. The advertising operation will focus on a new image campaign to rebuild the contemporary department store brand in parallel with the opening of the new stores. The furniture business and the travel franchise will have an overall review on its future positioning.

In conclusion, with a better funding platform and the solid expansion strategies, the Group remains cautiously optimistic in the year ahead.

DIRECTORS

As at the date of this announcement, the Executive Directors of the Company are Mr Walter K W Ma, Mr Philip K H Ma and Mr John Y C Fu, and the Independent Non-Executive Directors are Mr King Wing Ma, Mr Eric K K Lo, Mr Charles M W Chan and Mr Peter Tan.

On behalf of the Board
Walter K W MA
Executive Chairman

Hong Kong, 27 May 2013